

# Corporate Responsibility Report 2014



# 2014 at a Glance

## Corporate Responsibility at Credit Suisse

As one of the world's leading banks, we are committed to delivering our financial experience and expertise to corporate, institutional and government clients and to high-net-worth individuals worldwide, in addition to affluent and retail clients in Switzerland. We believe that our responsible approach to business is a key factor determining our long-term success. We have a broad understanding of our duties as a financial services provider, member of society and employer. Our approach also reflects our commitment to protecting the environment. The following key figures provide an overview of our diverse activities in the area of corporate responsibility in 2014:

### Banking

**571**

transactions or client relationships were assessed for potential environmental and social risks

**10**

Business Conduct Behaviors were introduced to guide our employees in their daily work and to help reduce the potential for operational or conduct losses

**8,974 million**

Swiss francs is our volume of assets under management with high social and environmental benefits

### Economy and Society

**Around 156 billion**

Swiss francs is Credit Suisse's volume of loans outstanding in Switzerland at end-2014

**73,468**

hours were dedicated to skills-based volunteering by our employees

**Over 6 billion**

Swiss francs is the value of goods, services and licenses purchased in 2014 from suppliers globally

### Employer

**42%**

of all vacancies were filled through internal appointments

**45,800**

individuals from over 150 different nations work at Credit Suisse

**1,200**

young talents are taking part in our training programs in Switzerland

### Environment

**49**

gigawatt-hours of energy were saved globally as a result of increasing our server virtualization rate to 60% worldwide over the past 4 years

**173,362**

hours of video conferencing were used as an alternative to business travel, helping to reduce our CO<sub>2</sub> emissions

**1,084**

employees were trained in environmental management

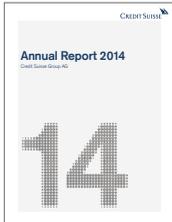
Credit Suisse is making a contribution to economic growth and social development across all of its regions. These efforts include its microfinance projects, which have provided over 2.4 million people at the base of the income pyramid with access to improved financial services – including through mobile banks.



For more information about the art on the cover, view the video at:  
[www.credit-suisse.com/ar/video2014](http://www.credit-suisse.com/ar/video2014)



# Credit Suisse Annual Reporting Suite



## Annual Report

The Annual Report is a detailed presentation of the Group's annual financial statements, company structure, corporate governance and compensation practices, treasury and risk management framework and a review of our operating and financial results.



## Corporate Responsibility Report

The Corporate Responsibility Report provides a detailed presentation on how the Group assumes its various responsibilities as a bank towards society and the environment. This publication is complemented by the Responsibility Chronicle, which adds a multimedia dimension to our reporting.



## Company Profile

The Company Profile contains a summary of Credit Suisse's strategic direction, an overview of its organization and a brief description of its key businesses.

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For the purposes of this report, unless the context otherwise requires, the terms "Credit Suisse Group," "Credit Suisse," "the Group," "we," "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term "the Bank" when we are referring only to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

# Foreword

## Dear Reader

2014 was a challenging year for Credit Suisse but also a period of progress. In May 2014, we reached a final settlement regarding all outstanding US cross-border matters. We deeply regret the past misconduct that led to this settlement. The resolution of this legacy issue marked an important turning point for our bank. The continued trust and support of our clients and the dedication of our employees during this difficult period helped us to mitigate the impact of the settlement on our business and financial results. We have since refocused our resources on serving our clients, driving our strategy forward and implementing the targeted growth initiatives that we have defined.

To retain the trust of our clients, shareholders and other stakeholders, we must continue to consistently deliver on our business objectives. We also strive to set an example in terms of compliance and professional standards. We are therefore emphasizing the culture of integrity, personal accountability and compliance within Credit Suisse. In addition to our Code of Conduct, which sets out binding ethical values and professional standards for all employees worldwide, we introduced a set of Business Conduct Behaviors in 2014 to guide our employees in their daily activities and to help reduce the potential for operational or conduct losses resulting from breaches of ethical standards or the failure to identify, escalate and resolve problems at an early stage.

Credit Suisse is committed to creating value for our clients, shareholders and employees. We also strive to take the needs and interests of other stakeholders in society into account. We believe that it is only by pursuing a responsible and forward-looking approach to business that we can achieve long-term success.

The entire finance industry was confronted with a more uncertain and volatile economic, political and market environment in 2014. In addition, more stringent regulatory requirements increased the cost of doing business, forcing many banks to adapt their strategies and business activities to the new operating environment. Against this backdrop, we remain committed to our integrated business model that combines our Private Banking & Wealth Management business with Investment Banking. The close collaboration between these two divisions enables us to

offer clients our profound experience in wealth management on the one hand, and global capital markets access and expertise on the other – meeting their need for sophisticated financial solutions.

We took further steps through 2014 to help us respond to stricter new regulations on capital, leverage, and global recovery and resolution planning. As the operating environment evolves, we are making efforts to adapt our business, including our continued move towards a more balanced distribution of capital between our two divisions and the implementation of growth initiatives in our Private Banking & Wealth Management business. Given the progress made, we decided that now is the appropriate time for the CEO succession. On March 10, 2015, we announced that the Board of Directors has appointed Tidjane Thiam as the new CEO of Credit Suisse Group, effective at the end of June 2015. Tidjane Thiam currently serves as Group Chief Executive of the UK-based financial services company Prudential plc and has extensive international experience, including in wealth and asset management. In the meantime, we and our leadership team are focused on a flawless transition.

In 2014, Credit Suisse also continued to participate in the regulatory reform dialogue. Examples include our involvement in consultations on subjects such as the new Total Loss-Absorbing Capacity (TLAC) standard, as well as our role as a co-founder of the Swiss Finance Council, which represents the interests of internationally active Swiss banks within the European Union. As part of these efforts, we once again underscored our view that new regulations should help to strengthen the stability of the financial system without restricting the ability of banks to perform key economic functions, including supplying capital to companies to finance growth, innovation and job creation.

Recognizing that our bank is an integral part of the economy and society, we strive to conduct our business responsibly and have policies in place to manage the broader social and environmental impacts of our activities. We also uphold key international agreements that promote responsible business practices such as the UN Global Compact, of which we were one of the first signatories.

Our social commitments range from the provision of targeted financial support for charitable institutions to our collaboration with selected partner organizations worldwide



Urs Rohner, Chairman of the Board of Directors (left), and Brady W. Dougan, Chief Executive Officer

as well as the promotion of employee volunteering. Following the success of our Youth Unemployment Initiative in Switzerland over the last four years, we launched the new association “Check Your Chance” in 2014, transitioning the initiative to an independent national platform. During the year, Credit Suisse also launched a Signature Program on Financial Education for Girls in Brazil, China, India and Rwanda, and we successfully continued our activities in the area of microfinance.

Environmental and climate protection represent another important dimension of our corporate responsibilities and we have long incorporated these aspects into our business and operations. In our client-facing activities, we have further expanded our range of sustainable products and services in response to the growing demand from clients for investments that are compatible with their personal values and objectives. In this context, we also signed the Principles for Responsible Investment (PRI) in 2014, thereby pledging to incorporate environmental, social and governance (ESG) criteria into our investment decisions. To identify potential environmental and social risks in our banking business, we conduct our Reputational Risk Review Process. At an operational level, Credit Suisse continues to take steps to promote the efficient use of resources, reduce our environmental footprint and comply with green standards.

To deliver on our wide-ranging responsibilities as a bank, we require an in-depth understanding of the needs and interests of all our stakeholders. In 2014, we therefore discussed the issues identified in our Materiality Assessment with groups of stakeholders in Zurich and New York.

This dialogue provides us with a greater insight into the views of different groups and helps us to address important topics and challenges.

As part of our commitment to an open and constructive dialogue, we also welcome your feedback on any of the topics discussed in this publication.

Best regards

Urs Rohner  
Chairman of the  
Board of Directors

Brady W. Dougan  
Chief Executive Officer

March 2015

# Our Understanding of Corporate Responsibility

## Business Model and Strategy

Credit Suisse operates as an integrated global bank with two business divisions, Private Banking & Wealth Management and Investment Banking. We are committed to delivering our financial experience and expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, in addition to affluent and retail clients in Switzerland. Our global structure comprises four regions: Switzerland; Europe, Middle East and Africa (EMEA); Americas; and Asia Pacific. Founded in 1856, we have operations in more than 50 countries and employ 45,800 individuals from over 150 different nations (see enclosed Company Profile).

To ensure our bank's success, our strategy is built on the following six pillars:

- Client Focus
- Employees
- Capital, Leverage and Risk Management
- Efficiency
- Collaboration
- Corporate Responsibility

## Corporate Responsibility at Credit Suisse

For Credit Suisse, corporate responsibility is about creating sustainable value for clients, shareholders, employees and other stakeholders. We comply with the ethical values and professional standards set out in our Code of Conduct in every aspect of our work – including in our relationship with stakeholders. We do so based on our broad understanding of our duties as a financial services provider and employer and as an integral part of the economy and society. Our approach also reflects our commitment to protecting the environment.

As a global bank, our main focus is on running our business responsibly and profitably. We are aware of the high standards demanded of us and we are committed to engaging in an open dialogue with our various stakeholders (see pages 8–9). This enables us to actively identify their needs and interests, to develop appropriate solutions and to take account of key challenges when further developing our strategy. We believe that our responsible approach to business is a key factor determining our long-term success and helps to promote an understanding of the important role we play in the economy and society.

[credit-suisse.com/responsibility](http://credit-suisse.com/responsibility)

## Our Understanding of Corporate Responsibility

### Responsibility in Banking

- Trust and Expertise
- Corporate Governance
- Risk Management and Sustainability
- Sustainable Products and Services

Our main responsibility is to ensure that we run our company successfully on a long-term basis for the benefit of our clients, shareholders, employees and society as a whole. Competence, compliance, diligence and responsible conduct are key to the success of our business. We also strive to take social and environmental aspects into account when conducting our operations.

### Responsibility in Society

- Our Role in the Economy and Society
- Our Social Commitments
- Sponsorship

We see ourselves as an integral part of society and recognize that our responsibilities go beyond banking. We aim to create value for our clients, shareholders and employees by performing our functions as a global bank responsibly and efficiently.

We support the economy through our activities and play a constructive role in the broader social environment.

We also support various humanitarian and charitable organizations and projects as well as cultural and sporting events.

### Code of Conduct

#### Our Ethical Values

- Integrity
- Responsibility
- Respect
- Compliance
- Confidentiality
- Trust

#### Our Professional Standards

- Service and Excellence
- Risk Culture
- Transparency
- Adherence to Laws and Regulations
- Sustainability
- Commitment

### Responsibility as an Employer

- Credit Suisse as an Employer
- Diversity and Inclusion

Qualified and motivated employees are a vital success factor. We want to be an employer of choice worldwide and therefore offer our people progressive working conditions, attractive training programs and varied career opportunities in a multicultural environment.

### Responsibility for the Environment

- Climate and Biodiversity
- Environmental Management

The protection of the natural environment is one of the most pressing issues of our time. At Credit Suisse, we take our responsibilities seriously by promoting the efficient use of natural resources and by addressing sustainability issues when managing risks. We also develop products and services that incorporate environmental aspects for our clients.

## Structure of the Report

The Corporate Responsibility Report is structured in accordance with the four areas outlined above: banking, society, our role as employer and the environment. Our reporting on corporate responsibility reflects the requirements set out in the Global Reporting Initiative (GRI) G4 guidelines (see page 56). In addition, we report annually on the progress we have made in implementing the 10 principles of the UN Global Compact (see page 58).

Further information and data on our GRI indicators are available online at:

[credit-suisse.com/responsibility/gri](https://credit-suisse.com/responsibility/gri)

## Credit Suisse Materiality Assessment

Material issues	Importance →				
▲ <b>Financial System Stability</b>					systemic risk / "Too Big to Fail" (TBTF) / capital and liquidity regulations / TLAC (Total Loss-Absorbing Capacity) / legal entity structure
◆ <b>Culture of Compliance and Conduct</b>					compliance with laws and regulations / prevention of money laundering and terrorist financing / anti-corruption / combating financial market crime (e.g. fraud, anti-competitive practices, bribery) / sanctions compliance / tax compliance / Code of Conduct
▲ <b>Company Performance and Stability</b>					business strategy / financial results / share price / dividends / capital, liquidity and funding position / stability of the company / operational risk (incl. business continuity management) / cost efficiency
◆ <b>Consumer and Investor Protection</b>					suitability and appropriateness / data security / privacy / retrocessions / transparency of fees
◆ <b>Incentives and Compensation Policy</b>					responsible approach to compensation / executive compensation / criteria for incentives / deferral, clawbacks
◆ <b>Corporate Governance</b>					operational structure / governance framework / management team / voting rights
▲ <b>Quality of Services and Advice</b>					advisory process, relationship managers / range and quality of products and services / expertise (e.g. research, advisory) / performance and pricing of products and services
● <b>Environmental and Social Risk Management</b>					environmental management system / process for identification and assessment of environmental, social and governance issues (ESG issues) / policies for sensitive industries / impacts on ecosystems and landscapes (incl. biodiversity, climate and energy, agriculture and forestry) / human rights / Equator Principles / responsible supply chain management
◆ <b>Talent Management</b>					workforce composition / health and safety / training and skills management / diversity and inclusion / non-discrimination / deployments / work-life balance / attracting and retaining talent
◆ <b>Contribution to Economy</b>					purchasing, sourcing / tax contribution / lending to small and medium-sized enterprises (SME)
● <b>Social Commitments</b>					employee engagement, including skills-based volunteering / philanthropy / "militia" system of politics in our Swiss home market
▲ <b>Sustainable Investments</b>					sustainable products and services / impact investment, microfinance

● Relevance to stakeholders (average)  
■ Impact on Credit Suisse  
 Range of external stakeholder views

## Key Material Areas and Priorities

We identified 12 material issues in our materiality assessment and grouped them into 3 areas: Creating Value, Operating Responsibly and Managing Our Wider Impacts:

 <b>Creating Value</b>	See pages
Financial System Stability	11–16, 30–35
Company Performance and Stability	11–16, 30–35
Quality of Services and Advice	15–16, 43–44
Sustainable Investments	23–28, 52–53

 <b>Operating Responsibly</b>	
Culture of Compliance and Conduct	11–16, 18–19, 43
Consumer and Investor Protection	13, 15
Incentives and Compensation Policy	13–14, 17, 43
Corporate Governance	17
Talent Management	32, 43–48
Contribution to Economy	30–35

 <b>Managing Our Wider Impacts</b>	
Environmental and Social Risk Management	18–22, 50
Social Commitments	34, 36–41

    
These symbols relate to the issues covered in this report (see page 6). Detailed information on Credit Suisse Group's financial performance, corporate governance and compensation practices can be found in the Annual Report 2014.

## Credit Suisse Materiality Assessment

The materiality assessment forms part of our dialogue with stakeholders (see pages 8–9). By communicating with our stakeholders about key topics, we gain a better understanding of their different views and perspectives. This, in turn, enables us to actively address important issues and challenges and to report on them transparently.

The key issues were identified in a three-stage process comprising identification, prioritization and review. When performing this assessment, we relied on information from a number of sources, including monitoring tools, sustainability frameworks, internal records and comprehensive media monitoring. In 2014, we also discussed the list of issues with representatives of selected external organizations and internal experts. During this process, we held stakeholder consultations with investors and representatives of rating agencies, non-governmental organizations (NGOs), international organizations, academics and members of key industry associations in Zurich and New York. These discussions provided valuable feedback on whether Credit Suisse had identified topics that are of relevance to our stakeholders and on the extent to which their definition and the relevance assigned to each respective issue is in line with the views of participating stakeholders.

Following this process, the list of issues was updated and, where necessary, revised. The materiality assessment is not an exhaustive list of the topics raised by stakeholders. Instead, it focuses on the issues that are of greatest importance to them and to our business. The findings reflect average values resulting from an assessment of our stakeholders' views and their range of expectations towards us as a bank.

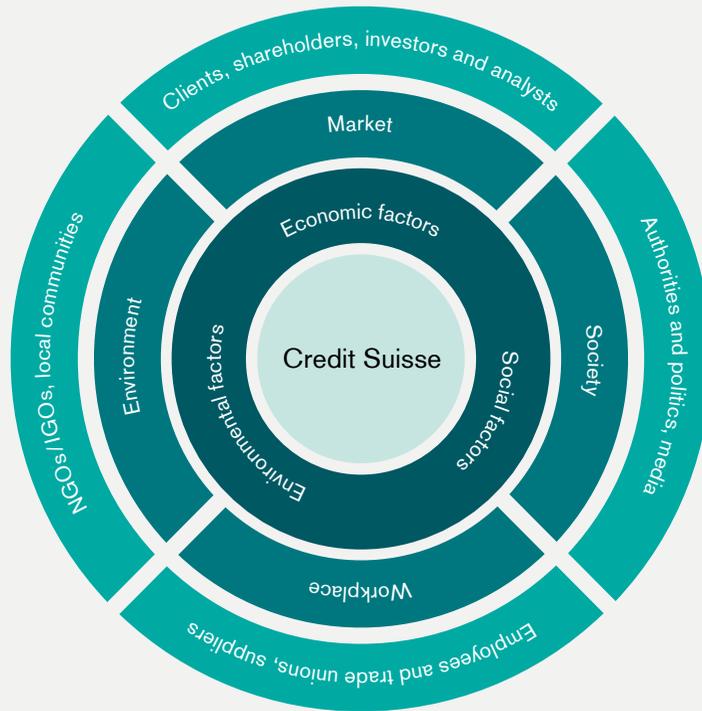
The findings of the materiality assessment also form the basis for the inclusion of individual aspects of our corporate responsibility in our reporting. We plan to continue reviewing the list of relevant issues in the future in order to identify new trends and to determine their significance for our stakeholders and our business.

The materiality assessment is available online at:  
[credit-suisse.com/responsibility/materialityassessment](https://credit-suisse.com/responsibility/materialityassessment)

## Credit Suisse Stakeholder Dialogue and Engagement Activities

Stakeholder group	Dialogue with stakeholders	Engagement activities
<b>Clients</b>	<ul style="list-style-type: none"> <li>• Annual global survey</li> <li>• Regular conferences and events for clients</li> <li>• Relationship managers</li> </ul>	We regularly consult with our clients to ensure that our products and services meet their needs and expectations. We also share market research and insights on financial issues and social, economic and political topics with clients.
<b>Shareholders, Investors and Analysts</b>	<ul style="list-style-type: none"> <li>• Investor Relations</li> <li>• Annual General Meeting</li> <li>• Quarterly reporting</li> <li>• Annual report and accounts</li> <li>• Research</li> <li>• Conferences, e.g. the annual Asian Investment Conference</li> </ul>	We inform shareholders, investors and analysts about our financial and operational performance to support their investment decisions and to help them form an opinion about the bank. In addition, we organize conferences about topics that are of interest to them, including compensation, global economic developments and investment opportunities. Credit Suisse's Research team makes a contribution to the public debate about key topics through thought leadership publications.
<b>Authorities and Politics</b>	<ul style="list-style-type: none"> <li>• Public Policy</li> <li>• Regulatory Affairs</li> <li>• Regular exchange of information</li> <li>• Working groups</li> <li>• Trade and business associations</li> </ul>	Government stakeholders and regulators expect Credit Suisse to comply with current financial laws and regulations and to respond appropriately to regulatory developments, including new capital and liquidity requirements and rules governing transparency. Regulators and legislators also expect us to help combat financial market crime. The Public Policy and Regulatory Affairs teams strive to act as reliable dialogue partners and play an active role in associations and governing bodies.
<b>Media</b>	<ul style="list-style-type: none"> <li>• Corporate Communications</li> <li>• Media Relations</li> </ul>	Media representatives expect Credit Suisse to communicate about its performance, products and services in an open, transparent and timely manner. In addition to inquiring about the financial strength and performance of our bank, journalists ask about topics such as compliance, governance issues or compensation. Credit Suisse's Media Relations team strives to act as a reliable partner in this context.
<b>Employees and Trade Unions</b>	<ul style="list-style-type: none"> <li>• Employee surveys</li> <li>• Town hall meetings with senior managers</li> <li>• Credit Suisse Staff Council</li> <li>• European Works Council</li> </ul>	To ensure that our employees' needs and interests are taken into account, Credit Suisse has, for many years, worked closely with bodies that represent employee interests. We also conduct regular internal surveys to assess our employees' level of engagement. Their feedback provides an important indication of areas with potential for improvement and the corresponding measures that can be taken.
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Ongoing dialogue</li> <li>• Supplier Code of Conduct</li> </ul>	Credit Suisse is committed to maintaining a fair and professional working relationship with its suppliers. It is important for our business partners to know how our understanding of corporate responsibility affects them. Our Supplier Code of Conduct defines the standards relating to business integrity, labor and social aspects, environmental protection and general business principles that Credit Suisse expects them to meet. To achieve further progress in the areas of social and environmental responsibility, the Supplier Code of Conduct may require suppliers to implement measures that go beyond local laws and regulations.
<b>NGOs and IGOs</b>	<ul style="list-style-type: none"> <li>• Sustainability Affairs</li> <li>• Corporate Citizenship</li> <li>• Discussions and events</li> <li>• Participation in global initiatives</li> </ul>	Credit Suisse cultivates relations with non-governmental organizations (NGOs) in discussions and through our involvement in networks and initiatives, as well as by participating in events. We consider this dialogue to be important since it encourages each party to see key issues from a new perspective and it promotes mutual understanding. Our discussions with NGOs center on topics such as climate change, biodiversity and conservation as well as risks relating to the financing of projects and human rights-related issues. Our involvement in intergovernmental organizations (IGOs) such as the UNEP Finance Initiative and the UN Global Compact helps us to observe internationally recognized principles and to promote a proactive approach to sustainability issues within the company. We also engage in a public-private partnership with the Asian Development Bank and in long-term partnerships in the areas of microfinance and education.
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Corporate Citizenship</li> <li>• Discussions and debates</li> <li>• Support for employees who hold a public office</li> <li>• Employee engagement</li> </ul>	We cultivate constructive relationships with local organizations and institutions and support charitable projects through financial contributions, employee volunteering and the sharing of expertise. We also consider it part of our social responsibility to support the "militia" system of politics in Switzerland and the work of its political parties in performing functions of state by enabling our employees in Switzerland to hold a public office alongside their regular position at the bank. To promote inclusive growth, we work with partner organizations to make a targeted contribution to economic and social development in the regions in which we operate.

## Our Stakeholders



### Engaging with Stakeholders

Our business works on the basis of trust: Our long-term success depends to a significant extent on our ability to inspire confidence in our stakeholders. In the current challenging regulatory environment and in view of recent developments in the area of fiscal policy, it is essential that we take steps to safeguard and reinforce trust in our company. We therefore regularly engage in a dialogue with clients, shareholders, investors and employees, as well as with regulators and politicians, non-governmental organizations and other stakeholders. This dialogue – combined with the insights we gain through our involvement in initiatives, forums and professional bodies, as well as the findings of surveys – helps to strengthen our understanding of the different, and sometimes conflicting, perspectives of our stakeholders. This enables us to identify their interests and expectations at an early stage, offer our perspective and help develop solutions to address current changes wherever possible. At the same time, these activities provide us with a more detailed understanding of our corporate responsibility as a bank – when conducting our business and in our relationship with employees and society, as well as towards the environment.

### Further Information

Information about our engagement with stakeholders, as well as our range of publications that are designed to contribute to the public debate, is available online at: [credit-suisse.com/responsibility/dialogue](https://www.credit-suisse.com/responsibility/dialogue)

# Responsibility in Banking



**Credit Suisse's global headquarters at Paradeplatz, Zurich:** Since 1873, our global headquarters have been located at Paradeplatz 8 in Zurich. Credit Suisse has a presence in all of the world's major financial centers, combining a global focus with a local presence. Our financial solutions meet the diverse needs of our clients around the world.

# Trust and Expertise

**We offer our clients high-quality service and advice, actively support regulatory reforms and maintain a rigorous compliance and control culture, thus helping to reinforce confidence in our bank.**

2014 was a challenging year for Credit Suisse but also a period of progress. Looking back, the final settlement we reached in May 2014 regarding all outstanding US cross-border matters marked a turning point for our bank. It was extremely important for Credit Suisse to be able to resolve its most significant and longstanding legacy litigation issue relating to past misconduct, which we deeply regret. The continued trust and support of our clients and the dedication of our employees during this difficult period helped us to mitigate the impact of the settlement on our business and financial results. Our settlement in March 2014 with the Federal Housing Finance Agency also constituted the resolution of our single largest investor lawsuit in the mortgage space (see page 16). We are, nevertheless, still in the process of resolving certain other litigation issues – predominantly mortgage-related matters dating back to before the financial crisis.

## Evolving Our Business Model

The banking industry was confronted with a more uncertain and volatile economic, political and market environment in 2014. At the same time, the introduction of stricter regulatory requirements – particularly in the areas of capital and liquidity – increased the cost of doing business. To continue operating efficiently against this challenging backdrop, many financial institutions around the globe had to further adapt their strategies and business activities to the new industry landscape.

Credit Suisse also further evolved its business model in 2014. In particular, we continued to move towards a more balanced distribution of capital between our two divisions. This included winding down or exiting non-strategic businesses and positions in order to reallocate resources to areas with growth potential. In our Private Banking & Wealth Management division, for example, we have launched targeted revenue growth initiatives after having focused on improving efficiency in recent

years. As part of these initiatives, we intensified our activities in the emerging markets – including in Asia Pacific, which we regard as an important growth region. We also took steps to increase lending to the ultra-high-net-worth individual (UHNWI) client segment. A number of other initiatives are being rolled out in Private Banking & Wealth Management to tailor our offering to changing client needs (see page 16).

## Swiss Financial Market Strategy



In Switzerland, the Brunetti II group of experts presented its final report in December 2014. The report focused on four key areas: the regulatory process and its implementation, market access, the tax environment for financial transactions, and macroeconomic risks. The group of experts' recommendations on reforms relating to macroeconomic risks are of particular significance for the Swiss big banks since their main focus is on the "Too Big to Fail" (TBTF) issue. Credit Suisse was pleased to note that the group of experts acknowledged the effectiveness of Switzerland's existing TBTF regime and does not consider a fundamental realignment of the current rules for big banks to be necessary. At the same time, the group of experts recommended that the regime should be further enhanced with mandatory Total Loss-Absorbing Capacity (TLAC) requirements. We strongly support this approach, together with the need for international consistency to prevent competitive disadvantages. Switzerland has already implemented what we believe is a very effective regulatory framework, under which high-trigger and low-trigger contingent convertible instruments are recognized as eligible capital. Credit Suisse has made significant progress towards meeting these requirements and was one of the first banks to issue such contingent convertible instruments in the market. We plan to begin issuing TLAC-eligible bail-in debt from entities linked to the Group holding company to enable a single point of entry bail-in resolution strategy.

In the Investment Banking division, we continued to implement our client-focused and capital-efficient business model, prioritizing high market share and high-returning businesses where we have a competitive advantage and can benefit from synergies with Private Banking & Wealth Management. As part of this process, we exited the commodities trading business and significantly reduced the size of our macro business in 2014.

The execution of the capital measures we announced in May 2014 was another key area of focus in the second half of the year that helped to offset the negative impact of the charge relating to the final settlement of all outstanding US cross-border matters on our capital ratios. With a look-through CET1 ratio of 10.1% at the end of 2014, we exceeded our 10% year-end target. At the same time, we further reduced our leverage exposure during the year and announced revised leverage reduction targets together with the publication of our fourth-quarter 2014 results. On January 15, 2015, the Swiss National Bank announced that it was discontinuing the minimum exchange rate of CHF 1.20 per euro and lowering short-term interest rates. In order to moderate the negative impact of these developments on Credit Suisse, we have announced a number of mitigating actions, including a combination of incremental expense measures and previously announced revenue growth initiatives. We expect to more than offset the impact of the changed conditions by the end of 2017 while continuing to drive growth in Private Banking & Wealth Management.

In an effort to maintain a cost-efficient business model, we continued to deliver cost reductions across both divisions and we generated infrastructure savings through 2014. By the end of 2014, we delivered around CHF 3.5 billion of adjusted annualized run-rate reductions compared to our target of more than CHF 4.5 billion by the end of 2015.

## Shaping the Regulatory Landscape

In the wake of the financial crisis, Switzerland and other countries have continued to implement reforms in order to strengthen the stability and integrity of the financial system. 2014 brought a number of important regulatory developments, which helped to provide greater clarity about what the regulatory landscape will look like in the future. Nevertheless, we expect banking regulation to continue to evolve significantly going forward. We must therefore ensure that we continue to anticipate changes and have the necessary flexibility to align our organization accordingly. Although this is a challenging process, it also creates opportunities for innovation and forces us to continuously assess our value proposition.

While the risk-weighted view on capital dominated regulatory discussions over the last few years, there was a shift in focus in 2014 to the unweighted view of capital in the form of more restrictive leverage requirements. We support leverage as an additional measure in bank regulation. However, we believe that the risk-weighted view should continue to be the primary capital measure. We believe that if both sets of requirements are overly restrictive, it will limit business opportunities, curtail global economic growth and lead to an assimilation of business models that would, in turn, undermine system stability.

In November 2014, the Financial Stability Board (FSB) proposed the introduction of a new standard for Total Loss-Absorbing Capacity (TLAC). Under the baseline requirement, global systemically relevant banks will be required to hold capital equivalent to up to 20% of risk-weighted assets in the form of TLAC-eligible instruments. The new requirement is designed to ensure that banks have sufficient loss-absorbing and recapitalization capacity available to implement an orderly resolution with continuity of systemically relevant functions and minimal impacts on system stability. In Switzerland, the Brunetti II group of experts presented its final report in December 2014. The report also included recommendations to enhance the "Too Big to Fail" (TBTF) regime with mandatory TLAC requirements (see box on page 11).

Credit Suisse made further progress in implementing the program to evolve its legal entity structure in 2014. We expect that these changes will result in a substantially less complex and more efficient infrastructure for the bank. The program includes establishing a subsidiary for our Swiss-booked business and the planned consolidation of our UK businesses in one principal UK operating subsidiary. We are also looking to realign our non-European business to the appropriate entities in the Americas and in Asia Pacific. In addition to the progress in implementing the program in 2014, a number of other important components of the plan are expected to be implemented throughout 2015 and 2016.

### Strengthening of Look-through CET1 Capital Ratio



## Financial Integrity

Another important subject for the banking industry and Credit Suisse in 2014 was the focus on litigation issues (see pages 11 and 16) as regulators and authorities imposed record financial penalties on institutions around the globe to address past transgressions. At Credit Suisse, we strive to rule out all forms of misconduct within our company, have a strict compliance and control culture and a zero tolerance approach to unethical behavior.

Recognizing the critical role of employees in helping to preserve financial integrity, we demand the highest standards of personal accountability and ethical conduct from each member of our workforce. Since many operational risk incidents are identified or resolved as a result of employee diligence, we introduced a set of Business

Conduct Behaviors in 2014. They give our employees guidance in their daily activities in order to help reduce the potential for operational or conduct losses resulting from breaches of ethical standards or missed opportunities to identify, escalate and resolve problems at an early stage. These behaviors are grouped into three categories: Ethical Behavior, Thoughtful Behavior and Learning from Mistakes.

We manage service and infrastructure disruption risks through our Business Continuity Management Plan, our Technology Risk Management Program and other contingency and resiliency plans. Ensuring that the confidentiality, integrity and availability of information assets are protected is critical to our operations.

We also strive to prevent the improper use of products and services by third parties. As part of our efforts to fulfill our due diligence requirements, we implement strict internal controls, cooperate with the relevant authorities and issue rules governing topics such as business relations with politically exposed persons (PEP) and the prevention of money laundering and terrorist financing.

To protect against the risk of corruption, we have implemented and consistently work to enhance our global standards relating to corruption prevention. We apply a range of policies, procedures and internal controls, such as screening third parties who conduct business for or on behalf of Credit Suisse and carrying out dedicated controls related to gifts and entertainment, internships, charitable contributions and sponsorship. Furthermore, the bank is actively involved in the development and implementation of industry standards to combat money laundering and corruption. One example is Credit Suisse's participation in the Wolfsberg Group, which reflects our commitment to implementing its anti-money laundering and anti-bribery standards while also staying abreast of important developments. Employees are required to regularly complete mandatory online training on topics such as the prevention of money laundering, terrorist financing, corruption and compliance with economic sanctions. In addition, we require that they report cases of potential legal, regulatory or ethical misconduct to their line managers or the Legal and Compliance area. Employees worldwide also have the option of calling our Integrity Hotline, where they can report such issues anonymously. Meanwhile, the Internal Audit department systematically monitors compliance with internal and external principles, policies and guidelines.

Employee infractions are subject to escalation and assessment processes that are known to all relevant parties, including employees, line management, risk management and control functions, and senior management bodies, among others. Regional Disciplinary Review Committees (DRCs) have been established to provide a framework to ensure that the bank's articulated standards of professional conduct, policies and procedures are adhered to and consistently enforced on a continuous basis across all four

## Regulatory Developments

Various legislative reforms are being implemented worldwide with the aim of increasing the stability and integrity of the global financial system. We consider it important to be actively involved in shaping global and international standards and to comply with them when they are implemented.

Initiatives that are of particular relevance for Credit Suisse address the following issues:

- Prudent capital and liquidity standards for systemically relevant banks (Basel III, Capital Requirements Directive IV, Total Loss-Absorbing Capacity requirements, proposals by the Swiss Brunetti II group of experts).
- Actions to improve the recoverability and resolvability of banking groups (development of recovery and resolution plans [RRPs], European Commission draft legislative proposal on bank structural reform, UK Banking Reform Act, proposals by the Swiss Brunetti II group of experts).
- Strengthening of investor and consumer protection and increased market transparency (Dodd-Frank Act in the US; MiFID [Markets in Financial Instruments Directive] and EMIR [European Market Infrastructure Regulation] directives in Europe; legislation governing financial services, financial institutions and financial market infrastructure in Switzerland).
- Strengthening of shareholder rights (implementation of "Minder Initiative" in Switzerland: The provisional ordinance approved by the Swiss Federal Council entered into effect on January 1, 2014; the Ordinance against Excessive Compensation with respect to Listed Stock Corporations [Compensation Ordinance] implements the initiative until the final legal implementation is approved by the Swiss parliament and enters into force).
- Compensation systems (G-20, FSB [Financial Stability Board], FINMA [Swiss Financial Market Supervisory Authority], implementation of "Minder Initiative").
- Taxation (Art. 26 of OECD model agreement [Organisation for Economic Cooperation and Development]; US FATCA legislation [Foreign Account Tax Compliance Act], implementation of standard for the automatic exchange of information; signing of OECD/Council of Europe Convention).

regions, subject to local differences. The DRCs are designed to execute their mandate by providing an independent review and, where necessary, participating in or challenging decisions about measures to sanction employee misconduct. Disciplinary measures range from various forms of warnings to termination of employment and, depending on severity, are taken into consideration for performance evaluation and promotions and are a factor in the calculation of variable compensation awards or malus/clawback claims. Each DRC formally oversees annual year-end compensation and performance review processes, and outcomes are reported to the Compensation Committee for review. The Audit Committee and the Capital Allocation and Risk Management Committee are provided with quarterly management information regarding the number and categories of misconduct identified and disciplinary actions taken. All employees as well as members of the Board of Directors are obligated to adhere to Credit Suisse's Code of Conduct and participate in targeted training courses that include, but are not limited to, developments in the finance industry such as anti-corruption and risk management measures.

### Commitment to Tax Compliance

Credit Suisse has long been pursuing a strategy that focuses on tax compliance and we continued to make significant progress in addressing legacy tax issues in 2014. This regularization process resulted in outflows from our European cross-border business during the year. In addition, one of the guiding principles set out in our Code of Conduct is that we do not assist in any activities that are intended to breach tax obligations. We therefore support measures that can reasonably be implemented to ensure that all inflows into banks consist of tax-compliant assets. We believe that tax compliance is the duty of each individual and we therefore supply our clients with the documentation they require to comply with tax regulations. Furthermore, we only offer clients products and services that are compliant with the rules in their home country.

In Switzerland, efforts to build a tax-compliant and internationally accepted financial center included the inter-governmental agreement between Switzerland and the US that facilitated the implementation of the US Foreign Account Tax Compliance Act (FATCA) in July 2014. This law aims to achieve a broad exchange of information and transparency regarding the offshore accounts of US taxpayers by requiring all non-US financial institutions worldwide to regularly and automatically notify the US authorities about the identity and assets of US clients. Credit Suisse welcomes the FATCA agreement that was signed by Switzerland with the US in mid-2014 and we believe that the facilitation included in the agreement is of vital importance for the Swiss finance industry.

In terms of the trend towards increased access to cross-border bank data by international tax authorities, the Swiss Federal Council approved a declaration in November 2014 on Switzerland joining the multilateral agreement on the automatic exchange of information (AEI) in tax matters. Switzerland belongs to a group of states that plan to start collecting data in 2017, with the first exchange of information in 2018. Credit Suisse welcomes the Swiss government's commitments in this area and its strategy of actively participating in this development in the area of international tax cooperation.

### A Global Approach to Banking



We are a global bank and offer products and services on a cross-border basis as well as on a local basis, referred to as onshore banking. In response to evolving client needs, Credit Suisse has been expanding its global presence and onshore services in targeted markets for many years. We are now active in more than 50 countries worldwide, including our Swiss home market. Our Private Banking & Wealth Management division operates 21 booking centers globally, which means that we can administer our clients' assets in their home country or in another international hub. At the same time, the Swiss financial center remains attractive to international clients in view of its numerous strengths, including its efficient system of universal banking – with the hallmarks of expertise, reliability and quality – as well as favorable framework conditions such as political and economic stability, first-class services and highly qualified employees. The banking services offered out of Switzerland are therefore expected to remain important – particularly in response to the needs of sophisticated clients in emerging markets. Ensuring strict compliance with all applicable legislation when offering cross-border services is an essential part of our business model at Credit Suisse. We have been working intensively for years towards the goal of ensuring that all our activities adhere to the applicable rules and regulations in Switzerland and abroad.

## High-Quality Service and Advice

We regularly review the suitability and appropriateness of the advice we offer – testing and documenting the quality of our investment recommendations to assess whether our clients have the knowledge and experience to understand the associated risks. Our advisory process incorporates sophisticated analytical tools that can identify the counterparty risks and potential returns in client portfolios to provide an objective basis for client investment decisions. Credit Suisse has been committed to strengthening investor protection for a number of years and has invested in the related systems, processes and employee training – including a mandatory certification program for relationship managers (see page 44). We also fundamentally support the project to develop a Federal Financial Services Act that addresses important concerns about investor protection and will bring Swiss legislation into line with international standards. Ultimately, this can be expected to facilitate cross-border activities as well as market access for Swiss financial services providers.

## Spotlight on Client Satisfaction

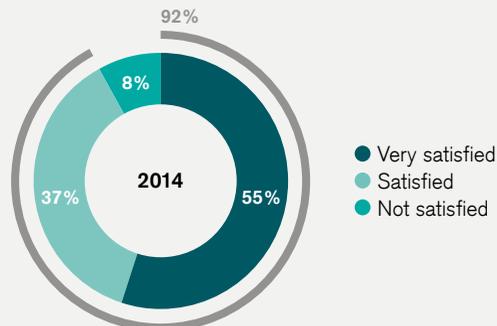
Our Client Insight Management team in Private Banking & Wealth Management conducts a Global Service Monitor Program to assess our clients' overall level of satisfaction with our service and advice and to identify scope for improvement. Based on the feedback received from over 13,000 clients, prospects, service users and subscribers worldwide, we initiate improvements on an individual basis or at market, divisional or regional level. The results of the 2014 Global Service Monitor Program indicated that 92% of our clients are satisfied with our services (see chart).

This chapter addresses the following issues (see pages 6–7):

- ▲ Financial System Stability; Company Performance and Stability; Quality of Services and Advice
- ◆ Culture of Compliance and Conduct; Consumer and Investor Protection

[credit-suisse.com/responsibility/banking](http://credit-suisse.com/responsibility/banking)

## Global Service Monitor Program: Evaluating Client Satisfaction



**92%**

of our Private Banking clients are satisfied with our services.



### **Challenge: What progress was made in addressing legacy legal issues in 2014?**

Response: Credit Suisse put some significant legacy issues behind it during the year but is, nevertheless, still in the process of resolving certain litigation issues – predominantly mortgage-related matters dating back to before the financial crisis. As to the previously disclosed matters relating to LIBOR and the foreign exchange markets, to date, Credit Suisse has not seen evidence to suggest that it is likely to have material exposure in connection with these issues. In May 2014, Credit Suisse announced a final settlement regarding all outstanding US cross-border matters. The settlement included a payment totaling around USD 2.8 billion, as well as the entry of a guilty plea by Credit Suisse's Swiss banking entity, Credit Suisse AG. The settlement brought to a conclusion the most significant and longstanding regulatory and litigation issue for Credit Suisse. We deeply regret the past misconduct that led to this settlement. Having this matter fully resolved is an important step forward for us. We have since refocused our resources on serving our clients, driving our strategy forward and implementing the targeted growth initiatives that we have defined. Our settlement in March 2014 with the Federal Housing Finance Agency also constituted the resolution of our largest investor lawsuit in the mortgage space. In view of developments in industry-wide litigation and investigations in the US relating to mortgages in 2015, Credit Suisse announced on February 27, 2015, that it had increased its mortgage-related litigation provisions.

### **Challenge: How is the trend towards digitalization impacting the banking business and how is Credit Suisse responding to this development?**

Response: We have been following the impact of digitalization on the industry for a number of years – particularly in areas such as payment operations, wealth management, corporate and retail banking and lending. What is clear is that the evolving digital landscape has resulted in a profound shift in the way clients interact with their bank. To that end, we are investing substantially in capabilities to keep us closer to our current and next generation of clients, who are increasingly demanding real-time, mobile technologies for every aspect of their banking relationship. Our digital private banking initiative, which is being rolled out globally from the first quarter of 2015, has a key role to play in this context. It is expected to deliver a sophisticated, cutting-edge multi-channel experience to clients. Through this interactive banking technology, we expect clients to gain improved access to the knowledge and insights of our integrated bank and to identify and act on the information that is most important to them whenever and wherever they choose. We believe that if we can manage the complexity of wealth management via an intelligent, web-based platform and deliver our offering in a user-friendly and policy-compliant way, we can gain a significant competitive advantage.

### **Challenge: Which measures is Credit Suisse taking to address the evolving needs of private clients in today's challenging environment?**

Response: A number of targeted growth initiatives are underway in Private Banking & Wealth Management to tailor our offering

to changing client needs. One example is our new advisory offering Credit Suisse Invest, which is being rolled out in selected markets from the first half of 2015. The focus is on flexibility and transparency, since clients select the investment solution best suited to their needs and receive a clearly defined range of services. In addition, they benefit from an attractive pricing model with substantially lower transaction and custody fees.

Credit Suisse also refreshed its discretionary mandates to provide clients with a simpler, more transparent and more competitively priced offering based on our enhanced investment process from November 2014. A further program is our Strategic Client Initiative, established for our UHNWI clients globally, which is expected to enable us to deliver best-in-class ideas and solutions and the entire offering of the integrated bank to this key segment.

### **Challenge: Dark pools came under increased media scrutiny in 2014. What is Credit Suisse's response to criticisms about their use?**

Response: "Dark pools" is a colloquial term for Alternative Trading Systems (ATS), which are automated crossing platforms. Credit Suisse believes that offering access to ATS liquidity provides benefits to institutional investors, such as the potential to reduce their trading costs. Credit Suisse offers clients ATS in several different regions, including Crossfinder in the US, which is registered with and regulated by the US Securities and Exchange Commission (SEC). In 2014, the SEC Chair and other global regulators spoke about re-evaluating the current market structure, including "dark pools", and we fully support this effort.

# Corporate Governance

**By acting with integrity, fairness and transparency, we can inspire trust in our clients, shareholders, employees and other stakeholders.**

Our corporate governance complies with internationally accepted standards. We adhere to the principles set out in the Swiss Code of Best Practice of Corporate Governance, including its appendix stipulating recommendations on the process of compensation of the Board of Directors and Executive Board. Due to our primary listing on the SIX Swiss Exchange, we are subject to the SIX Directive on Information Relating to Corporate Governance. Our shares are also listed on the New York Stock Exchange (NYSE) in the form of American Depositary Shares, meaning that we are subject to certain US rules and regulations.

## Governance Framework

The corporate governance guidelines adopted by the Board of Directors aim to promote an understanding of our governance structure. Our Articles of Association, Code of Conduct, Organizational Guidelines and Regulations, the Charters of the Board of Directors and our global Compensation Policy are also important in this context. The Code of Conduct is binding on all employees and members of the Board of Directors. Employees must also comply with all legal, regulatory and internal requirements and with strict standards of professional conduct at all times. Compliance is a critical consideration when hiring employees, developing training tools and defining processes and rules. It is also vital to our supervisory and control systems.

## Shareholder Rights

We encourage investors to participate in the Annual General Meeting (AGM) and to exercise their voting rights. To support them in the decision-making process, we provide accurate and transparent disclosures in our reporting publications. We strive to produce precise, reliable and comprehensible financial reports that clearly explain our performance, mission and strategy. We also seek to pursue responsible and balanced compensation practices that ensure a prudent approach to risk-taking and align employee and shareholder interests, thus incentivizing the creation of sustainable shareholder value (see box).

The Board of Directors also takes account of international legislative and best practice developments.

## Managing Risk

Our Risk Management function plays a central role by promoting a disciplined risk culture and the necessary transparency to support management in defining a suitable risk profile. It is instrumental in ensuring a prudent and intelligent approach to risk-taking that balances risks and returns and optimizes the allocation of capital across the Group. A proactive risk management culture and the use of state-of-the-art quantitative and qualitative tools help to minimize the potential for undesired risk exposures in our operations. Further information can be found in the Annual Report 2014 of Credit Suisse Group or at:

[credit-suisse.com/responsibility/governance](http://credit-suisse.com/responsibility/governance)

This chapter addresses the following issue (see pages 6–7):

- ◆ Corporate Governance

## Responsible Approach to Compensation

The objectives of the Group's compensation policy include attracting and retaining employees and motivating them to achieve results with integrity and fairness. Based on shareholder input and emerging practices in the area of executive compensation, we made significant changes to our executive compensation framework in 2012, which continued to form the basis for Executive Board compensation for 2014. Key elements include individual targets and caps on incentive compensation linked to the achievement of challenging performance targets, as well as deferred short-term and long-term incentive awards for Executive Board members, subject in part to future performance vesting conditions. In general, deferred variable awards for 2014 were granted in the form of share awards, a proportion of which are subject to performance-based malus provisions and Contingent Capital Awards (CCAs). For the Group as a whole, the total compensation and benefits expense was CHF 11.3 billion for 2014, stable compared to 2013. Variable compensation awarded for 2014 was CHF 3.3 billion, down 9% compared to 2013. Due to the substantial impact of the US cross-border settlement, the individuals who were members of the Board of Directors and the Executive Board at the time of the settlement voluntarily agreed to a reduction of 25% of total compensation and 20% of variable compensation, respectively, with respect to the amounts that would otherwise have been awarded for 2014. In accordance with the Swiss Ordinance Against Excessive Compensation with respect to listed Stock Corporations, the Group will submit Board and Executive Board compensation recommendations for binding votes by shareholders for the first time at the AGM in 2015.

# Risk Management and Sustainability

**To achieve long-term success, it is essential that we pursue a responsible approach to business. We expect our employees to act professionally, with integrity and in compliance with applicable laws, regulations, due diligence requirements and industry standards. In addition, we take account of sustainability issues through our risk review process.**

It is essential that we display a high degree of risk awareness and operate responsibly in all areas of our business. Credit Suisse therefore expects employees to act professionally, fairly and prudently at all times. Our Code of Conduct defines six ethical values and six professional standards that are binding on all employees and members of the Board of Directors (see page 5). The obligation to observe the Code of Conduct is prescribed in each employment contract and is incorporated into the annual performance review process for our employees.

## **Sustainability as an Integral Part of Our Business**

Our commitment to sustainability and to taking account of environmental and social issues in our business activities represents one of the professional standards in our Code of Conduct. We have also published a Statement on Sustainability that defines the objectives and principles underlying our commitment to sustainability. It refers to the international agreements that Credit Suisse has voluntarily pledged to uphold, such as the UN Global Compact with its 10 principles in the areas of human rights, labor standards, environmental protection and anti-corruption efforts, as well as the United Nations Environment Programme Finance Initiative (UNEP FI).

## **Voluntary Industry Standards – Equator Principles**

In addition to adopting international sustainability agreements, Credit Suisse follows voluntary industry standards that set out specific due diligence requirements for certain areas of business. They include the Equator Principles (EP) – a framework for the management of environmental and social risks that is applied by banks when financing major industrial and infrastructure projects and is based on the environmental and social standards of the Inter-

national Finance Corporation (IFC). Around 80 financial institutions have adopted the EP, thereby committing to review impact assessment reports on related projects before agreeing to provide financing or advisory services. These financial institutions require clients to take concrete measures to mitigate the potential negative impacts of these projects on people or the environment (e.g. by reducing air, water or soil pollution or by consulting with and/or involving the local community). Credit Suisse was one of the first banks to sign up to the EP in 2003, and we have also played an important role in the development of the most recent version of the framework, the EP3. Following Credit Suisse's transition to the EP3 in 2013, they are now being used for all applicable transactions, including project finance and project-related corporate loans.

Since 2008, we have also been applying the Carbon Principles to our financing activities in the US power generation sector. Under this voluntary industry standard, banks use an enhanced due diligence process to assess and take account of regulatory risks relating to CO<sub>2</sub> emissions. We did not lead any transactions that were subject to the Carbon Principles in 2014.

## **Respecting Human Rights**

We strive to assume our responsibilities in the area of human rights in accordance with the International Bill of Human Rights, as well as the principles on human and labor rights set out in the UN Global Compact. We incorporate related principles into our own policies and take account of them in our business activities. Equally, we expect our business partners to recognize and uphold human rights. In September 2014, Credit Suisse also published its Statement on Human Rights, describing the foundations of our commitment to respect human rights and the approaches, processes and tools we use to implement it.

When implementing our commitment in this area, we take account of the UN "Protect, Respect and Remedy" framework. This reference point for the business and human rights debate describes the duty of states to protect human rights, the responsibility of corporations to respect human rights, and the shared obligation to provide access to effective remedy for people harmed by business activities. Guidance on the implementation of this framework is provided by the Guiding Principles on Business and Human Rights issued by the UN in 2011.

Working with other financial institutions, Credit Suisse co-initiated the Thun Group of Banks in 2011. The informal working group aims to promote a better understanding of what the UN Guiding Principles mean for the banking sector. As a result of this work, the Thun Group published a discussion paper on this subject in October 2013. In June 2014, the Thun Group also held a stakeholder event addressing topics including the question of access to remedy.

We have identified three levels at which our business activities can have an impact on stakeholders and that we can therefore influence. Credit Suisse's most direct link to human rights issues is in our working relationship with our employees, and this is consequently the area in which we can exercise the greatest influence. We also strive to ensure the protection of human rights when working with suppliers and external service providers (see box). Our financial products and services represent the third area in which we may have to address human rights issues. The provision of financial services such as lending or the issuance of debt or equity may be linked to negative impacts, particularly if they support the business activities of clients that could potentially affect human rights (such as harming the safety, health or livelihood of local communities). Credit Suisse examines aspects of transactions that are sensitive from a human rights perspective using a clearly defined risk review process (see page 20). We encourage our stakeholders to report cases in which our products and services may have an impact on human rights.

After signing the Walk Free pledge – a commitment by companies to eliminate all forms of modern slavery from their businesses and supply chains – in 2013, we took steps to further increase awareness of human rights issues among Credit Suisse front office employees in 2014. To keep abreast of human rights discussions, we also participate in the corresponding UNEP FI working group. In December 2014, we once again took part in the UN Forum on Business and Human Rights, at which representatives of the Thun Group of Banks participated in a panel discussion about the financial sector and human rights.

### Sector Policies and Guidelines

Certain industries are particularly sensitive from a social or environmental perspective. These include oil and gas, mining, hydropower, nuclear power, controversial weapons, forestry and agribusiness, as well as palm oil production. We have defined specific global policies and guidelines in order to assess potential transactions with clients in these industries, taking into account standards developed by international organizations such as the UN and the World Bank. The issues covered include:

- Compliance with industry-specific, internationally recognized standards on the environment and human rights

- Measures to assess and reduce the environmental impact of operations
- Protection of the health and safety of company employees and surrounding communities
- Respect for the human rights of the local population

Our policies also set out activities and business practices that Credit Suisse explicitly will not finance. Exceptions may only be granted in individual cases in accordance with our Reputational Risk Review Process (RRRP). A summary of our policies and guidelines can be found online at: [credit-suisse.com/sectorpolicies](http://credit-suisse.com/sectorpolicies)

To further integrate topics such as climate change, biodiversity, the scarcity of resources and human rights into our risk assessments, we continually update our sector policies and guidelines in line with the latest developments and challenges. We also conducted a study about the power generation sector in 2014. The study focused on

### Code of Conduct for Suppliers and "Know Your Supplier"



Credit Suisse strives to maintain a fair and professional business relationship with its service providers and suppliers. In return, we expect our partners to address risks responsibly and to conduct their business in a socially and environmentally responsible manner that complies with applicable laws, regulations and ethical standards. In 2010, we therefore introduced a Supplier Code of Conduct that defines our requirements relating to business integrity and ethics, environmental protection, labor and social standards, as well as general business principles and management systems. These standards may exceed local legislative requirements in certain cases.

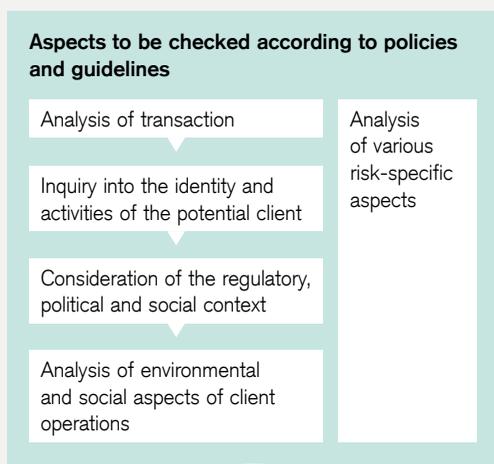
In 2012, Credit Suisse rolled out its "Know Your Supplier" risk assessment process globally. This structured process examines aspects such as the environmental and employment standards of our suppliers and service providers. It is based on global research into environmental issues and labor law and forms an integral part of the procurement process. Risks are assessed using a range of criteria, and risk mitigation measures are implemented where necessary. Specific clauses covering environmental requirements and labor standards that are to be adhered to by our suppliers have been updated and will be used in supplier contracts for some goods and services.

## Assessment of Sustainability Risks within the Reputational Risk Review Process

### 1. Risk classification and responsibility



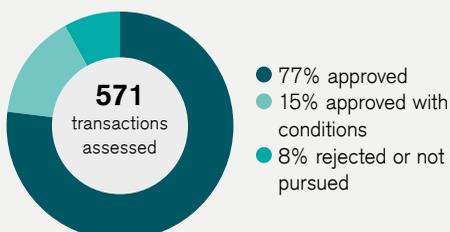
### 2. Assessment and recommendation



### 3. Review and decision



## Transactions assessed on the basis of potential environmental and human rights risks in 2014



the environmental and social risks that transactions in this sector may entail, with a particular emphasis on three power generation technologies: coal, hydroelectric and nuclear. The study considered practices in use within the financial industry, including development finance institutions, with a view to refining our internal power sector guidelines.

### Bank-wide Risk Review Process

If there are grounds to believe that a potential transaction or client relationship could pose an unacceptable risk or is not compatible with our existing agreements or internal guidelines, Credit Suisse conducts a bank-wide, standardized Reputational Risk Review Process (RRRP), involving independent external specialists where appropriate. Potential risks may arise from a variety of sources, including the nature and purpose of a proposed transaction or service, the identity or activities of a potential client, and the regulatory or political climate in which the business will be transacted.

### Assessing Sustainability Risks

Environment or human rights-related risks are also considered and examined prior to or within the bank-wide RRRP. If a transaction poses a risk of this nature, the internal Sustainability Affairs specialist unit conducts this review process to evaluate whether the potential client complies with the relevant industry standards and whether the transaction is compatible with Credit Suisse's policies and guidelines for sensitive sectors. Based on the outcome of this analysis, Sustainability Affairs submits its findings to a Regional Reputational Risk Approver, who is independent from the area of business in question and has the authority to approve, reject or impose conditions on our participation in a transaction or on the provision of a specific service. In the case of particularly complex or cross-regional transactions, the decision may be referred to the Regional CEO<sup>1</sup> or the Chief Risk Officer.

The most senior governing body responsible for the oversight of review processes and policies and the discussion of reputational risks and sustainability issues is the Reputational Risk Sustainability Committee (RRSC). The RRSC consists of members of the Executive Board and the heads of cross-divisional specialist units (such as Legal & Compliance, Public Policy, Risk Management, Sustainability Affairs and Corporate Communications). It is chaired by the bank's Chief Risk Officer and supported by four Regional Reputational Risk Councils or Committees.

In 2014, Sustainability Affairs analyzed a total of 571 transactions or client relationships as part of the Reputational Risk Review Process to assess environmen-

<sup>1</sup> or the EMEA Reputational Risk Committee in the case of the Europe, Middle East and Africa region.

## Sustainability Risk Assessments in 2014

	Transactions assessed <sup>1</sup>		Equator Principles transactions <sup>2</sup>			
	2014	2013	2014		2013	
			Number <sup>3</sup>	Volume <sup>4</sup>	Number <sup>3</sup>	Volume <sup>4</sup>
<b>By region</b>	<b>571</b>	<b>519</b>	<b>2</b>	<b>267</b>	<b>8</b>	<b>455</b>
Switzerland	211	188	1	17	1	50
Europe, Middle East and Africa	99	111	1	250	3	200
Americas	99	77	0	0	2	100
Asia Pacific	162	143	0	0	2	105
<b>By sector</b>	<b>571</b>	<b>519</b>	<b>2</b>	<b>267</b>	<b>8</b>	<b>455</b>
Mining	148	158	0	0	6	355
Forestry and agribusiness	57	39	0	0	0	0
Oil and gas	142	113	0	0	1	50
Power generation and transmission	47	36	1	17	0	0
Chemicals	19	17	0	0	0	0
Defense	31	35	0	0	0	0
Infrastructure and transportation	44	58	1	250	1	50
Other	83	63	0	0	0	0

For a comprehensive disclosure in accordance with Equator Principles 3 requirements, see: [credit-suisse.com/equatorprinciples](http://credit-suisse.com/equatorprinciples)

<sup>1</sup> Including Equator Principles transactions.

<sup>2</sup> Equator Principles transactions are divided into different risk categories (A–C; A being the highest risk), and additional clarifications and actions are initiated if required by the degree of risk involved. In 2014, 1 transaction was classified as category A (2 in 2013), 0 as category B (5 in 2013) and 1 as category C (1 in 2013).

<sup>3</sup> From 2014, the Equator Principles require reporting on transactions that reached financial close in the reporting year. A comparison between the figures for 2013 and 2014 is thus not possible, as the figures reported for 2013 concern all transactions screened in that year.

<sup>4</sup> In USD million.

tal or human rights-related risks. In total, 440 (77%) were approved, 88 (15%) were approved subject to certain conditions, and 43 (8%) were rejected (e.g. due to non-compliance with the standards prescribed by Credit Suisse) or not pursued further. Where transactions were not pursued, this was due, among other things, to adverse market conditions or the fact that significant additional investigations would have been required to assess compliance with our sustainability standards. These statistics exclude potential transactions or business relationships that were not formally reviewed because they were immediately identified by the relationship manager or his or her line manager as being non-compliant with the bank's requirements and guidelines and were therefore rejected at the outset.

### Dialogue about Sustainability and Due Diligence Requirements

Credit Suisse engages in an ongoing dialogue with a range of stakeholder groups on sustainability issues that are relevant to the bank. In 2014, we held discussions about topics such as business and human rights, conservation finance and the role of environmental, social and governance (ESG) criteria in banking. We also organized a roundtable event in New York on environmental and social risk management in investment banking and spoke at an event in Amsterdam at which other banks and non-governmental organizations (NGOs) discussed the role of banks in society. In addition, Credit Suisse participated in the annual events relating to the Equator Principles and UNEP FI. At these events, key topics and case studies were discussed by practitioners across the financial services industry to share knowledge and best practice.

## Training and Knowledge-Sharing

We provide employee training to ensure that the expertise required to address environmental and human rights risks is firmly embedded within our company and to raise employee awareness about these topics. Our training concept concerning the management of sustainability risks consists of three modules: general training about Credit Suisse and sustainability; information about the Reputational Risk Review Process for employees with client contact; and sector-specific training for relationship managers serving clients in sensitive industries. Intranet-based e-learning modules complement this approach. Special training sessions that are tailored to the needs of client-facing units remained a key priority in 2014 and were held at various locations or via teleconference. A total of 690 employees received training in sustainability risks (not including e-learning modules) during the year.

As a response to the growing need to build capacity among financial institutions in emerging markets in the field of sustainable finance, Credit Suisse supported the development of the WWF guide “ESG Integration for Banks”, which was published in August 2014. We also shared our experience during implementation workshops in Singapore, Malaysia and Thailand that were supported by the relevant national stock exchanges.

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This chapter addresses the following issues (see pages 6–7):

- ◆ Culture of Compliance and Conduct
- Environmental and Social Risk Management

[credit-suisse.com/responsibility/banking](http://credit-suisse.com/responsibility/banking)

## Challenges and Responses 2014



**Challenge: From time to time, Credit Suisse has to make decisions about controversial transactions where opinions about the potential environmental and social impacts can differ widely, depending on the perspective and point of view of a party. How does Credit Suisse approach this challenge?**

Response: Companies operating in sensitive sectors frequently play a key economic role in the global supply of commodities and energy and are often important employers in economically underdeveloped regions. At the same time, the projects and activities of companies such as these can, in some cases, have a significant impact on the climate, biodiversity, water resources or inhabitants of a specific area. We are aware of the tensions that can potentially arise in this context, and we seek to identify and manage them. We strive to meet high standards when examining the related risks and considering the interests of different stakeholders.

**Challenge: Credit Suisse regularly engages with NGOs on environmental and social topics. However, there can be fundamental differences between the objectives of an NGO and the mandate of a corporation. How does Credit Suisse respond to the differing views that these groups of stakeholders may have?**

Response: To conduct a constructive dialogue with NGOs, we take part in events and discussions on relevant topics and also engage with them bilaterally. Even if opinions may differ, we consider this dialogue to be important since it encourages each party to see issues from a different perspective and it promotes mutual understanding. Examples of this dialogue in 2014 include our participation in the UN Forum on Business and Human Rights and discussions with civil society organizations as part of our engagement in the Thun Group of Banks. Furthermore, we supported the development of the WWF guide “ESG Integration for Banks”.

**Challenge: How can Credit Suisse evolve its policies on sensitive industries to reflect changing attitudes about what constitutes acceptable social and environmental risks and impacts in a way that is consistent with the desire of clients to have stable and predictable frameworks?**

Response: Through our membership of various organizations (e.g. Equator Principles, the Thun Group of Banks and the UN Global Compact) and by regularly engaging with different stakeholder groups, including our clients, we participate in the dialogue about environmental and social topics and thus regularly review how we run our operations and conduct our business against this background. As a result, we continually update our sector policies and guidelines in line with the latest developments and challenges and identify environmental, societal or regulatory trends to which we can apply our expertise as financial intermediaries in order to address them.

# Sustainable Products and Services

**The demand from clients for investments that incorporate economic, environmental and social aspects is growing steadily. At Credit Suisse, we offer a broad range of products and services that give investors access to sustainable investment opportunities.**

To accommodate the increasing demand for investment opportunities that meet our clients' personal values and objectives, we further expanded our bank-wide range of products and services that focus on environmental and social themes in 2014. Our sustainable products and services include index solutions, discretionary mandates and model portfolios, as well as thematic investments and responsible investment products across all asset classes, such as green real estate and conservation finance. The corresponding investment instruments cover a variety of risk/return profiles. Credit Suisse also partners with experts from research institutes, non-governmental organizations (NGOs) and leading think-tanks when developing products and other offerings in the field of sustainable investments.

We design investment solutions that are based on the three-pillar Philanthropy Services & Responsible Investment (PS&RI) framework (see page 24). The relevant teams help clients to consider social and environmental objectives when managing their wealth by, for example, setting up philanthropic structures, investing in products in the areas of impact investment and microfinance or integrating sustainability criteria into their investment portfolios.

## Philanthropy Services

Credit Suisse's Regional Philanthropy Advisors work closely with clients to help them incorporate their personal values and social objectives into their engagement and investment strategy. Taking account of their needs and resources, our specialists seek to identify the most appropriate vehicles to meet their philanthropic objectives. Individual advice on strategic giving includes the evaluation and selection of existing projects, the establishment of charitable structures – including foundations and trusts – and the ongoing provision of advice to these charitable foundations and trusts on governance issues, grant-making,

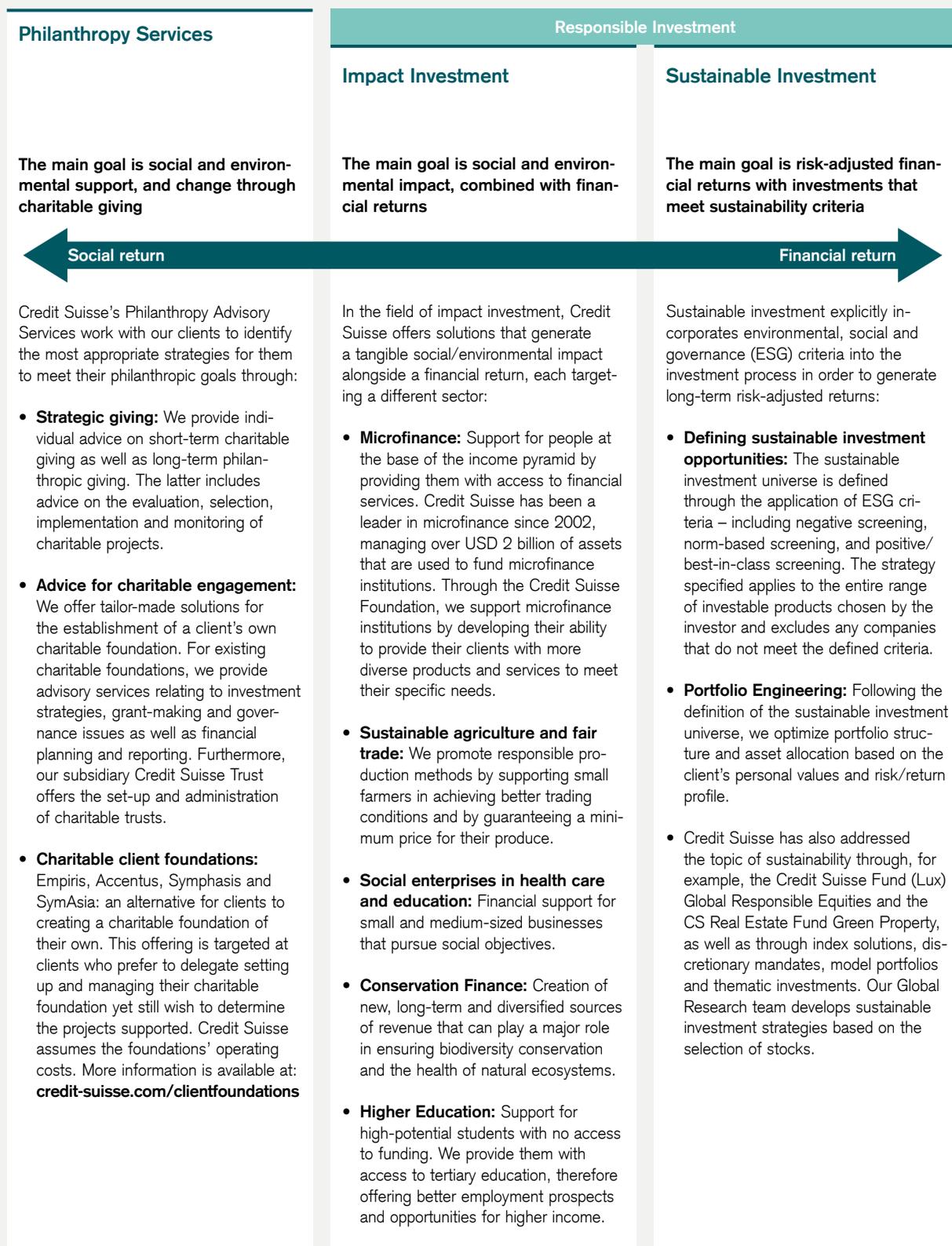
investment strategies, financial planning and reporting, and foundations management. We also offer the creation of subfoundations for clients under one of Credit Suisse's umbrella charitable foundations: Accentus, Empiris and Symphasis in Switzerland or SymAsia in Singapore. Since they were established, the Swiss umbrella foundations have distributed a total of more than CHF 80 million to over 1,800 charitable initiatives in Switzerland and other countries. In Singapore, SymAsia has received over USD 45 million in donor-advised funds and has gifted around USD 22 million since it was established in 2010.

In 2014, Accentus, Empiris and Symphasis carried out over 280 projects in developing countries and in Switzerland. Their projects in developing countries focused on educational opportunities and the environment, while in Switzerland, the foundations' activities centered on cultural history, youth sports and platforms to promote the social integration of people with illnesses or disabilities as well as individuals from disadvantaged backgrounds. The Empiris foundation supported important research projects focusing on diseases such as cancer, Parkinson's and Alzheimer's disease. SymAsia has supported a wide variety of causes ranging from education through bursaries to empowering underprivileged women through vocational courses.

## Impact Investment and Microfinance

In the field of impact investment, Credit Suisse offers solutions that generate a tangible social and/or environmental impact alongside a financial return and currently has assets under management of over USD 2.6 billion in this area. For instance, we invest in small and medium-sized businesses across different sectors that pursue social and/or environmental objectives by providing them with the capital they need to grow. Together with our clients, we also support small farmers with no direct access to finance or to markets for their produce. We help them increase the yield of their harvesting and achieve better trading conditions. To date, we have provided direct support to more than 50,000 small farmers worldwide. In 2014, we launched our first Higher Education Note to give more than 500 talented students in developing countries access to higher education. Another new development was the launch of the Nature Conservation Notes, an impact investment product that focuses on nature conservation and sustainable agricultural production (see box on page 25).

## Philanthropy Services & Responsible Investment at Credit Suisse



In the area of microfinance, investments are designed to provide economically disadvantaged people – especially those in emerging markets and developing countries – with access to financial services in the form of small loans, insurance and other financial products, thus helping them to build small businesses and establish a basic livelihood. In 2014, we enabled over 2.4 million people to gain better access to financial services through our funds and initiatives.

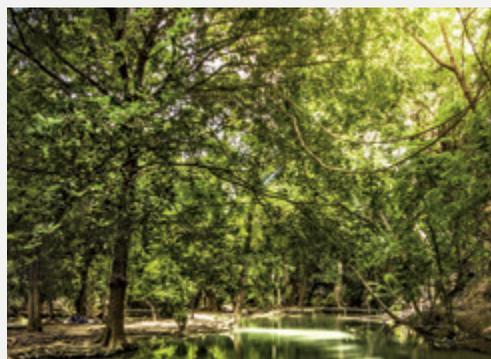
In our Investment Banking division, we provide a range of advisory services relating to initial public offerings and other capital market transactions to the microfinance sector. In Private Banking & Wealth Management, our current offering includes several global microfinance funds, three local currency microfinance notes – including the Local Currency Microfinance Note 3 launched in 2014 – and a private equity fund of funds that allows investors to participate in small businesses in emerging markets and developing countries. Building on our long-term partnership with Accion, Credit Suisse extended its impact investment offering to the US in 2014 and became the distributing partner of the Accion Frontier Inclusion Fund, which focuses on new technologies and business models that supply financial services to people at the base of the income pyramid.

Through our microfinance-related activities, we aim to promote financial inclusion among the estimated two-thirds of the global population who are still unable to access basic financial services. Recognizing the need to ensure the responsible development and growth of the microfinance sector, we operate a Microfinance Capacity Building Initiative (MCBI) as well as the Credit Suisse Global Citizens Program (see pages 39–41). In October 2014, we launched our new MCBI. Its aim is to drive further market development and innovation by strengthening the ability of microfinance institutions – and consequently also of investors in the sector – to serve the increasingly diverse financial needs of people at the base of the income pyramid. This includes sectors such as housing, health care and education.

### Sustainable Investment

Sustainable investment is an established investment approach that explicitly incorporates environmental, social and governance-related (ESG) criteria into the investment process in order to generate enhanced long-term, risk-adjusted returns. We offer a broad range of solutions to clients seeking to integrate sustainability criteria into their portfolio. Our offering comprises index solutions, discretionary mandates, model portfolios and thematic investments as well as products across all asset classes. Credit Suisse also addresses the topic of sustainability through the Credit Suisse Fund (Lux) Global Responsible Equities and the Credit Suisse Real Estate Fund Green Property.

### Nature Conservation Notes



Building on research in the field of conservation finance (e.g. a study conducted in conjunction with WWF), Credit Suisse launched the Nature Conservation Notes in December 2014. This new product in the environmental impact investing space consists of investments in sustainable agroforestry and ecosystem conservation, as well as in a portfolio of sustainable bonds. The notes make it possible to support conservation activities in around 20 countries and the economic development of local communities through the revenues generated by projects financed by the Althelia Climate Fund, a Luxembourg-based impact fund. Financial returns are generated for the fund's investors through the sale of sustainably certified commodities as well as from payments for ecosystem services. Social and environmental impacts are generated through the financing of community-based organizations, biodiversity and water conservation, as well as climate change mitigation.

### Assets under Management with High Social/Environmental Benefits<sup>1</sup>

2014 in CHF m

**8,974**

2013 in CHF m

**7,304**

<sup>1</sup> This category includes various funds and other assets, the main objective of which is to generate significant environmental and social benefits (Socially Responsible Investments, SRI). Examples include SRI discretionary mandates and investments in the areas of sustainable real estate and microfinance.

## Credit Suisse Sustainability and Thematic Indices

Index Name	Description
Credit Suisse Social Awareness Index	60 businesses considered socially aware, as determined by the MSCI ESG (Environmental, Social and Governance) Research Impact Monitor
Credit Suisse Global Warming Index	40 businesses that are active in renewable fuels or electricity, emissions limitation or demand management
Credit Suisse Water Index	30 businesses in the fields of water generation, preservation, infrastructure, treatment and desalination
Renewable Energy Index Switzerland	Economic indicator for turnover, order backlogs, delivery periods, inventories and employment in the sustainable energy solutions sector
Credit Suisse Lesbian, Gay, Bisexual and Transgender (LGBT) Equality Portfolio and Index	Includes businesses that have proactive and industry-leading LGBT policies and that both enforce and foster equitable treatment and non-discrimination

In 2014, we signed up to the Principles for Responsible Investment (PRI), emphasizing our commitment to acting in the best long-term interests of our clients by further incorporating ESG criteria into our investment processes and decisions. In addition to financial data, investment managers also look at non-financial ESG information to gain a more complete picture of a company and its operations and thus make better investment decisions. Credit Suisse has been actively involved in the area of ESG integration for over 10 years, and this PRI commitment will provide us with an opportunity to advance these efforts based on a widely established industry framework.

Our commitment to the PRI goes beyond our Asset Management business to include our Wealth Management Clients and Corporate & Institutional Clients businesses within the Private Banking & Wealth Management division. To support the PRI implementation process, portfolio managers, investment analysts, research analysts and dedicated responsible investment professionals work together in a cross-departmental team that covers multiple asset classes and geographies. We also participate in various initiatives such as the Forum Nachhaltige Geldanlagen (FNG), the Association for Sustainable & Responsible Investment in Asia (ASrIA) and the Global Real Estate Sustainability Benchmark. Credit Suisse also engages directly with companies on ESG matters. Through our dialogue with a range of companies, we advise them on important ESG issues and encourage more transparent disclosure in this area.

### Sustainable Real Estate

With over CHF 41 billion of assets under management at the end of 2014 and a portfolio of around 1,300 properties across 20 countries, Credit Suisse Real Estate Asset Management (REAM) is one of the world's largest real

estate fund managers. REAM regards sustainability as an essential requirement when managing and developing its real estate holdings. For example, it is currently working with Siemens Switzerland and Wincasa on a project to systematically reduce CO<sub>2</sub> emissions at around 1,000 of its properties. The goal is to reduce their total energy consumption by approximately 13,000 metric tons of CO<sub>2</sub> compared to 2010 levels. Commencing in 2015, REAM will have access to tools that will enable it to check the energy consumption and CO<sub>2</sub> emissions of these buildings online and in real time. More information on the project is available at:

[credit-suisse.com/sustainableinvestments](http://credit-suisse.com/sustainableinvestments)

Volatile energy prices combined with stricter regulation are increasingly impacting the real estate business. REAM pursues an active sustainability strategy to address these challenges. In order to assess its sustainability performance, REAM became a member of the Global Real Estate Sustainability Benchmark (GRESB) in 2014. This industry-driven organization is committed to assessing the sustainability performance of public, private and direct real estate portfolios.

More than 630 Real Estate Fund Managers and Real Estate Asset Managers currently participate in GRESB, representing a property value of over USD 2.1 trillion. GRESB assesses the performance of companies based on indicators that mainly focus on energy, carbon and water consumption, as well as the generation of waste. Another key question is whether the companies that are assessed already have a sustainability strategy and the way in which that strategy is put into practice. In June 2014, we participated in the GRESB ranking process with all our Swiss managed funds, four of which were assigned a Green Star Award in recognition of their leading sustainability performance in their respective peer groups.

## Barrier-Free Access to Credit Suisse Banking Services

We are committed to making our products and services accessible to all our clients. Our employees are therefore trained to respond to the needs of clients with disabilities. Since 2008, we have installed 509 talking ATMs throughout Switzerland, and we have made further enhancements to them in order to meet the needs of individuals with severely impaired vision. For example, voice output in German, French, Italian and English is triggered automatically when clients with visual impairments plug their headphones into one of the machines. In addition, tactile function keys have been added to some of our ATMs, which are marked with a headphone symbol. At selected locations in Switzerland, more than 50 ATMs have been positioned at a height that makes them easily accessible to wheelchair users. Furthermore, entrances to our branches and office complexes are gradually being improved and made more accessible to people with disabilities. Credit Suisse also offers bank statements in braille or large print upon request. Our intranet platform provides barrier-free access to online information and applications for employees with visual impairments.

[credit-suisse.com/accessibility](http://credit-suisse.com/accessibility)



## Research Publications

### Credit Suisse Research Institute

How do economic, social, environmental and demographic trends shape global markets? As the bank's thought leadership platform, the Credit Suisse Research Institute conducts studies on a variety of relevant topics, either in collaboration with independent academics or with contributions from renowned international experts. For example, its 2014 "Global Wealth Report" presented detailed data on the global distribution of wealth, and the publication "Latin America: The long road" analyzed economic developments in the region. The Research Institute's publications are made available both to our clients and the general public.



### Investment Research

Economists, strategists and investment specialists worldwide publish regular global economic assessments and market outlooks with specific investment

recommendations in a range of daily, weekly and monthly reports. Although the publications are targeted primarily at clients, members of the public with an interest in these topics also make use of the reports. In Global Investor, we publish regular studies about current issues and long-term trends such as the multipolar world, as well as their potential impacts on the financial markets and investments.



## Renewable Energy Project Finance

Our Investment Banking division serves clients through a range of transactions, including initial public offerings, mergers and acquisitions, project finance, debt and equity underwriting, investments and other financial services. Our expertise is diversified across various renewable energy technologies, including solar, wind, geothermal, biomass, biofuels, fuel cells and energy efficiency.

The Power and Renewables Group was involved in over 15 cleantech transactions with an aggregate volume of over USD 1.9 billion in 2013 and 2014. Recent investment banking transactions include: advising on the merger of Hanwha SolarOne with Q Cells; a USD 203 million concurrent bond and follow-on offering for Trina Solar; the USD 330 million initial public offering of Vivint Solar, a residential solar company; and Canadian Solar's USD 265 million concurrent convertible bond and follow-on offering. Credit Suisse also followed the inaugural

securitization of solar assets for SolarCity in 2014 with the second and third transaction that consisted of USD 70.2 million and USD 201.5 million of notes, respectively. Finally, we served as the sole financial advisor for Canadian Solar's acquisition of Recurrent Energy, a leading North American solar energy developer.

We are also continuing to support the fuel cell sector through our investments in Bloom Energy's portfolios of proprietary fuel-cell power-generating systems. Since 2009, a collaboration between our Strategic Transactions Group and our Global Markets Solution Group has committed capital to 17 renewable energy opportunities with an aggregate commitment value of around USD 1.7 billion.

## Research

Throughout 2014, we continued to conduct sustainability-related research across our divisions. For example, Investment Strategy & Research in the Private Banking & Wealth

Management division published an in-depth report on global megatrends, with sustainability featuring as one of three key trends alongside demographics and the transition to a multipolar world. The results were presented to a broad audience of investors and clients as part of a global conference series on megatrends, with events hosted in Singapore, London and New York. Two related topics – resource efficiency and adaptability – featured prominently among our Top Investment Ideas in Private Banking & Wealth Management.

The Securities Research and Analytics department in our Investment Banking division continued to provide in-depth reporting and stock coverage. This included publishing the “ESG Spotlight”, a weekly newsletter capturing ESG-related research by Credit Suisse analysts and relevant newsflow. The Credit Suisse Research Institute revisited the topic of gender diversity, further extending its analysis of board structure and corporate performance to include senior management representation. In this context, it introduced the Credit Suisse Gender 3000 database (see box on page 46). In addition, the bank published a study about the investment behavior of the wealthiest 5% of African Americans in conjunction with Brandeis University in 2014.

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This chapter addresses the following issue (see pages 6–7):

▲ Sustainable Investments

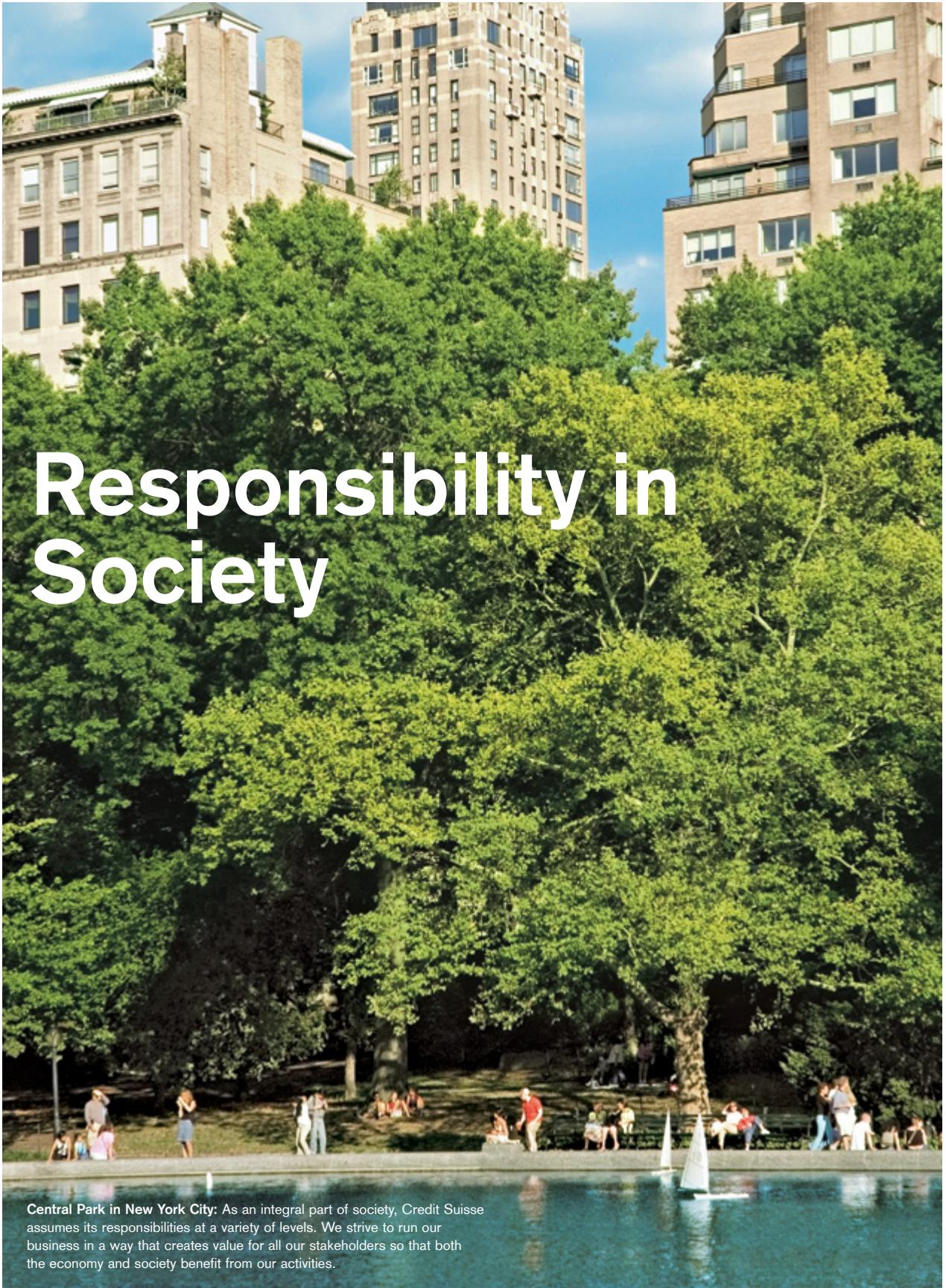
[credit-suisse.com/responsibility/banking](http://credit-suisse.com/responsibility/banking)

## Challenges and Responses 2014



### **Challenge: Which measures is Credit Suisse taking to meet the growing demand for responsible investment products that meet both financial and social/sustainability objectives?**

Response: In the area of impact investments, we have developed a platform of thematic solutions to address a range of needs in developing countries as well as the interest from investors. This includes providing financing for microfinance institutions, helping students in developing countries to access higher education, funding fair trade cooperatives and contributing to environmental protection. In order to deliver both a social impact and a financial return, we partner with specialist organizations that provide technical expertise on the ground, such as NGOs, social enterprises and investment managers. We also ensure that investee companies strengthen their own ability to increase outreach to low-income households and develop new products and services to support the further development of the industry. Our employees can contribute to the development of these new products through multiple expertise-sharing programs such as the Global Citizens Program, thus leveraging their skills, entrepreneurial drive and social commitments. In the area of sustainable investments, we have fine-tuned our offering with a range of solutions that cover different client needs. Credit Suisse Real Estate Asset Management participated in a ranking by the industry-driven organization GRESB, where four of its funds received a Green Star Award in recognition of their leading sustainability performance. We also offer certain clients a regular portfolio assessment and review based on sustainability criteria.



# Responsibility in Society

**Central Park in New York City:** As an integral part of society, Credit Suisse assumes its responsibilities at a variety of levels. We strive to run our business in a way that creates value for all our stakeholders so that both the economy and society benefit from our activities.

# Our Role in the Economy and Society

By operating responsibly and efficiently, we create value for our clients and shareholders worldwide. At the same time, we make an important contribution to the functioning of the economy through our banking activities and play a constructive role in society.

As a global financial institution, Credit Suisse is closely interconnected with the economy and society and has responsibilities towards a wide range of stakeholders. Our primary function is to act as a reliable financial partner to our clients, providing services and advice to meet their individual needs. At the same time, we make a direct contribution to the economy in our role as a financial intermediary, bringing together lenders and borrowers of capital around the world – from companies and public sector bodies to private individuals and institutions. This includes supplying businesses with the capital they require to expand their activities and drive innovation, thus helping to foster economic growth and job creation.

We also recognize that we have a responsibility to help build a more robust banking system and solid financial infrastructure that can meet the needs of the private and public sectors, as well as individuals. By assuming market and credit risks, banks make an important contribution to the functioning of the economic system. Effective risk management is an important part of this process. In the credit business, for example, this means that we analyze, measure and monitor credit risk exposures and charge appropriate interest rates on loans. Our capital policy ensures that we are capable of absorbing potential credit losses in a variety of stress scenarios. As a leading investment bank, we also contribute to the management of market risk.

## Our Importance in Switzerland

The role played by banks in the development and growth of the economy is clearly demonstrated by our activities in our Swiss home market, where Credit Suisse operates as a universal bank – serving private, corporate and institutional clients. For example, we are a financial partner to over 100,000 companies or approximately 1 in 3 businesses in Switzerland. A large proportion of our corporate

clients are small and medium-sized enterprises (SMEs) that do not generally finance themselves via the capital markets and, instead, rely on loans to fund production, sales and

## Risk Capital for Growth and Innovation

Reflecting our ambition to position Credit Suisse as the “Bank for Entrepreneurs”, we help consolidate the success of the Swiss economy and to promote entrepreneurship. At the same time, we support innovative SMEs at every stage of their development. This includes tailored venture capital solutions, as in the case of growth financing or succession issues. In 2010, we joined forces with the Swiss Venture Club to establish SVC – Ltd. for Risk Capital for SMEs, which is providing up to CHF 100 million of venture capital in the form of equity capital or loans with equity characteristics to Swiss SMEs to help strengthen the employment base and create and preserve jobs in Switzerland.

**Selected key figures: SVC – Ltd. for Risk Capital for SMEs**

### CHF 71 million

of capital had been invested in portfolio companies by end-2014

### 33

Swiss firms with sustainable business models are included in the portfolio

### CHF 87 million

is the current value of portfolio companies

### CHF 1 million – CHF 5 million

is usually invested in each company

### 1,611

people are currently employed by portfolio companies

### 660

new jobs are expected to be created by portfolio companies over the next 3–5 years

### Over 250

patents are held by portfolio companies, underscoring their innovative strength

## Supporting the Swiss Political System

In our home market of Switzerland, we not only engage in an open dialogue with politicians that involves the regular exchange of information and ideas but also actively support the functioning of the Swiss “militia” system of politics, where Swiss citizens assume roles in political bodies at federal, cantonal or community level alongside their regular professions. Consequently, Swiss members of parliament are not professional politicians and the parties do not receive state funding.

Credit Suisse helps to strengthen this system of politics and to promote political diversity by making financial contributions available to political parties that request funding, irrespective of their political agenda and position. This financial support does not give rise to any obligations among the political parties that receive it. The only factor that influences the support given by the bank is the number of parliamentary mandates held by each party at cantonal and federal level: To be eligible, a party must have at least five seats in the Federal Assembly (Swiss parliament). This transparent approach – based on objective criteria – enables Credit Suisse to make a politically neutral contribution to support the work of the parties in performing functions of state. Credit Suisse makes a maximum of CHF 1 million of financial support available each year for this purpose, corresponding to around CHF 200,000 for each of



the largest parties. This is a long-term commitment and is reviewed regularly. This support is exclusive to Credit Suisse’s home market; Credit Suisse does not offer financial support to political parties in other countries. In the US, however, employees have the option of making voluntary private donations within the bank through a Political Action Committee.

### Holders of Public Office

In addition, Credit Suisse offers working time arrangements to employees in Switzerland who hold an elected public office alongside their role at the bank. These individuals are permitted to devote up to

20% of their working hours to a public role while receiving their full salary from the bank – irrespective of their party affiliation and views. Each year, Credit Suisse’s Public Policy department organizes a meeting for around 360 employees who hold an elected public office. This annual event enables them to take part in workshops and to engage in discussions with their colleagues and Credit Suisse’s top management. In 2014, the meeting focused on topics such as financial market policy and the safeguarding of market access, as well as success factors in the case of mergers between municipalities in Switzerland.

investment. Reflecting our aspiration to position Credit Suisse as the “Bank for Entrepreneurs”, we support these companies by operating a fair and reliable lending policy. Despite evolving market conditions, our lending practices have remained essentially unchanged. We determine risk premiums and pricing based on a set of qualitative and quantitative criteria, which take account of factors such as the borrower’s business model and potential for growth, the quality of its management team, the risks involved for the lender, and the client relationship as a whole. In 2014, we remained one of the leading providers of unsecured loans to Swiss businesses. Many Swiss SMEs export and import products and services and therefore need the support of a global bank in their daily operations as well as when expanding their geographical reach. In response to these requirements, we not only provide financing but also offer investment and cash management products and services, as well as financial risk management solutions. Switzerland is one of the world’s most competitive

economies. In addition to many Swiss SMEs and corporations that operate successfully in the global marketplace, it is home to a number of multinational foreign companies, which are an important driver of the country’s growth and prosperity. Credit Suisse is a long-term strategic financial partner to these companies, offering them support and expertise to help them operate effectively and access global markets.

A number of activities that Credit Suisse performs in Switzerland are viewed as systemically relevant due to their importance for the functioning of the economy. They include the execution of payment transactions and the domestic deposit-taking business, as well as lending operations. At the end of 2014, Credit Suisse had around CHF 156 billion of loans outstanding, including mortgages and loans to private sector companies, the public sector and private clients.

We also actively engaged in a dialogue with politicians, regulators and legislators in Switzerland concerning the

## Credit Suisse Youth Unemployment Initiative



When youth unemployment in Switzerland reached a historic high of 5.4% in 2009, Credit Suisse decided to take action and launched the Youth Unemployment Initiative, which invested up to CHF 30 million to support projects run by six partner organizations. These projects are designed to help young people to embark on a career. Following a four-year development phase, the six programs are working efficiently and effectively and are making a long-term contribution towards reducing the shortage of skilled professionals in Switzerland. In view of this success, Credit Suisse and the SVC Foundation for Entrepreneurship have jointly launched the new association “Check Your Chance”, transitioning the Youth Unemployment Initiative into an independent national platform that will be supported by the State Secretariat for Economic Affairs (SECO), ensuring the independent continuation of the programs.

**Over 8,300**

young people received training and individual advice

**About 70%**

of all program participants were able to embark on a career or benefited from professional training and development opportunities

**Over 5,300**

young people successfully completed a program

**Over 3,200**

young people subsequently secured permanent employment

**Over 1,000**

people obtained fixed-term positions

**Over 1,000**

people embarked on training

development of a strategy to preserve the competitiveness of the financial center (see page 35). The efforts to internationalize the Chinese currency – the renminbi – which have progressed successfully so far are a further example of the results of this dialogue. The goal is to put in place appropriate conditions to enable the Swiss financial center to establish itself as a renminbi hub. Credit Suisse also engages in a dialogue about appropriate financial market regulation at an international level and in our key target markets.

Across all regions of Switzerland, we make a substantial contribution to economic output and employment in our role as an employer, purchaser and investor. The production of goods and services that the bank needs, the construction and extension of our premises, and consumer spending by our employees generate added value and help to preserve jobs at thousands of companies – mainly Swiss SMEs – that act as our suppliers.

### Credit Suisse as an Employer

Credit Suisse employs around 45,800 people in more than 50 countries worldwide. Of our total workforce, around 17,100 employees are based in Switzerland – making us one of the largest employers in our home market. The bank offers employees progressive working conditions, competitive compensation and interesting career opportunities across a range of businesses (see pages 43–48).

To invest in the future, we also offer a variety of training programs for young people who are interested in a career in finance. In Switzerland, for example, 220 new trainees embarked on apprenticeships at Credit Suisse and around 100 high school graduates completed our Junior Banking Program in 2014. Outside Switzerland, we enable young people to gain their first professional experience in full-time positions or internships (see page 45).

### Our Importance as a Client, Contractual Partner and Taxpayer

Credit Suisse also makes an indirect contribution to the economy in a variety of ways, including in our role as a consumer. In 2014, we purchased over CHF 6 billion of goods, services and licenses from suppliers across our four regions: Switzerland, the Europe, Middle East and Africa (EMEA) region, Americas and Asia Pacific. We are committed to pursuing a responsible approach to business by, for example, requiring our major suppliers to meet strict standards in areas such as business ethics and integrity, employee health and safety or environmental protection, as defined in our Supplier Code of Conduct (see page 19). The establishment of reliable relationships with supply partners helps to ensure the quality and value of the products and services we source.

We also make a contribution in our role as a taxpayer. Over the past five years, Credit Suisse has paid an annual average of CHF 0.8 billion in corporate income tax world-

## Dialogue with Various Bodies, Business Associations and Umbrella Organizations

Credit Suisse participates in industry associations, umbrella organizations, financial center bodies and chambers of commerce around the world.<sup>1</sup> Examples include:

- **economiesuisse:** This umbrella organization represents the interests of Swiss businesses in the political process and works to create an optimal operating environment. We are represented on its Executive Board and play a role in expert commissions and committees – including at an international level in the Business and Industry Advisory Committee to the OECD and in BUSINESSEUROPE.
- **European Financial Services Round Table (EFR):** The EFR supports the formation of a single European market for financial services and encourages national and European opinion leaders to work toward the development of internationally consistent financial regulations and supervision.
- **Global Financial Markets Association (GFMA):** The GFMA was established to create a discussion forum for global issues relating to the financial sector. We are active in the regional arms of the GFMA: Association for Financial Markets in Europe (AFME) in Europe, Securities Industry and Financial Markets Association (SIFMA) in the US, and Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.
- **Institute of International Finance (IIF):** The IIF brings together international financial institutions, including banks and insurance companies. We are an active member of its Board of Directors and various committees and working groups, including the Special Committee for Effective Regulation, which is headed by Credit Suisse, as well as the Cross-Border Resolution Working Group.
- **International Chamber of Commerce (ICC):** As a member of the ICC, we are committed to promoting free international trade and we participate in working groups on the topics of banks, economic policy, energy and climate issues and in the Swiss National Committee (ICC Switzerland).
- **International Swaps and Derivatives Association (ISDA):** As a member of ISDA, we are committed to promoting safe and efficient derivatives markets. Credit Suisse is represented on the Board of Directors and is involved in ISDA's work on various regulatory issues (e.g. the European Market Infrastructure Regulation).
- **Swiss Association of Employers:** This overarching employer organization represents the interests of employers across all industries and regions. Credit Suisse is represented on its Board of Directors.
- **Swiss Bankers Association (SBA):** Credit Suisse is represented on the SBA Board of Directors and in its specialist committees. Through our role in the SBA, we also participate in the European Banking Federation.
- **Swiss Finance Council (SFC):** The Swiss Finance Council was co-founded by Credit Suisse in 2013 to engage in a dialogue about policy developments in finance at a European and international level. It will represent the interests of internationally active Swiss financial institutions and provide a platform to share their experience, expertise and knowledge through a permanent representative office in Brussels. Credit Suisse is represented on the Board of the Swiss Finance Council.
- **World Economic Forum (WEF):** We have been a member of the WEF for over 20 years and have been a strategic partner since 2006. The forum provides a platform for leading economic experts, politicians, academics and journalists from around the globe to come together to debate the most pressing issues facing the global economy. Credit Suisse is actively involved in various WEF initiatives and projects on topics such as financial inclusion.

A list of Credit Suisse's main memberships can be found at:

[credit-suisse.com/network](https://www.credit-suisse.com/network)

<sup>1</sup> The names of people who perform functions of public interest within these associations are listed in the publicly accessible areas of the respective associations' websites. The corresponding information can generally be found in the "About Us", "Board of Directors", "Governing Bodies" and/or "Committees" sections of the websites.

wide. The bank is also subject to other taxes that are not related to income, which totaled around CHF 0.4 billion in 2014 alone.

### Cultivating an Open Dialogue

Credit Suisse engages in discussions with a wide range of stakeholders – from politicians, legislators and regulators to representatives of the business community and society – to understand the issues that are important to them and to help find constructive solutions to current challenges (see pages 8–9). This dialogue has grown increasingly impor-

tant in recent years in view of international developments and discussions surrounding the role of the finance industry and the global economy (see page 13).

We are also a member of associations and umbrella organizations that represent the interests of industry participants in a number of areas (see box). A large proportion of the expertise they require to perform their activities is contributed by managers and specialists from member organizations who participate in the committees and working groups of these associations and umbrella organizations. A further example of our dialogue with stakeholders

## Our Sponsorship Commitments



For more than 30 years, sponsorship has had a prominent place in Credit Suisse's corporate and communications strategies. As a sponsor, we focus on the areas of sport and culture – assigning particular importance to the promotion of young talent. Like in every other aspect of our business, our emphasis here is on quality, sustainability and partnership. Through our sponsorship commitments, we offer our clients and members of the public the opportunity to enjoy performances by our partners at a range of cultural and sporting events. This not only enables us to strengthen relationships with existing and potential clients but to also further raise our profile in the market. At the same time, the financial resources that we make available to our partners allow them to concentrate on planning and realizing their objectives.

Our cultural sponsorship activities are aimed at supporting individuals, organizations and institutions in the fields of classical music and the fine arts. For example, we promote international cultural exchanges by supporting international tours by our partner orchestras – the New York Philharmonic and the Sydney Symphony Orchestra. We also lend our support to various leading museums by providing funding for exhibitions of international importance. Our partners include the National Gallery in London and the Taipei Fine Arts Museum, as well as numerous museums in Switzerland. With the Prix Credit Suisse Jeunes Solistes and the Credit Suisse Young Artist Award, the Credit Suisse Foundation helps young artists around the world to develop their talents and skills by providing prize money for the winner as well as the opportunity to perform at the Lucerne Festival. Our sports sponsorship activities – which center on Switzerland – focus on the areas of football, golf and equestrianism. As the main sponsor of the Swiss Football Association, we have been successfully supporting all junior and senior national teams in both men's and women's football since 1993. In addition, the Swiss tennis star Roger Federer has served as a global ambassador for Credit Suisse since 2009. Each year, we provide USD 1 million of funding to the Roger Federer Foundation in connection with this partnership. The foundation promotes early learning opportunities and primary education in the southern region of Africa and provides out-of-school support for children from underprivileged backgrounds in Switzerland.

[credit-suisse.com/sponsorship](http://credit-suisse.com/sponsorship)

is our participation in the Brunetti II group of experts appointed by the Swiss Federal Council to further develop Switzerland's financial market strategy with the aim of preserving its competitiveness and ensuring it is well positioned for the future. The group of experts presented its final report in December 2014 (see page 11).

### Contributing to the Public Debate

We produce publications, analyses and specialist articles on economic, political and social issues, as well as commissioning studies from independent research institutions on a range of topics. In addition to serving as a point of reference for clients and investors, these publications attract the interest of politicians, business representatives and the media – thus contributing to the public debate. One example is our Worry Barometer, which Credit Suisse has published annually for the past 38 years. It is based on the findings of a representative survey of Swiss citizens that assesses the issues that are of greatest concern to the public to ascertain how they perceive the current economic situation in Switzerland as well as the country's social and political institutions. The survey results help to gauge the mood in the country and are an important source of information on current social and economic trends. The 2014 survey identified unemployment, immigration issues and pensions as the main topics of concern

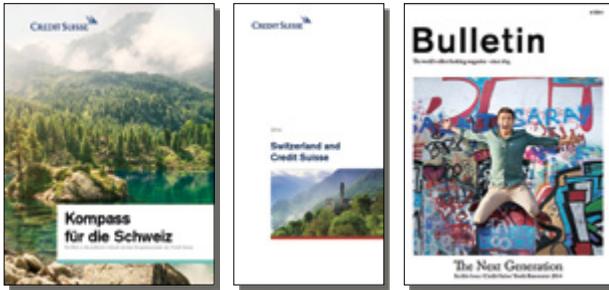
to the Swiss public. In addition to the Worry Barometer, we issued the publication "Kompass für die Schweiz", which featured a collection of essays in which renowned authors from the worlds of business and politics present their views on questions about Switzerland's future.

As part of our contribution to the public debate, we published the latest issue of the study "Switzerland as a Financial Center: Strengthening Competitiveness through the Combined Efforts of Politics and the Private Sector" in August 2014. Further information on the Swiss financial center can also be found in the app and leaflet "Switzerland and Credit Suisse", which are available at:

[credit-suisse.com/financialcenter](http://credit-suisse.com/financialcenter)

In 2014, we carried out our fifth annual Youth Barometer survey of around 1,000 young people aged between 16 and 25 in Switzerland, Brazil, the US and Singapore. The results provide an insight into the lifestyle, problems and attitudes of young people in these four countries. The latest Youth Barometer highlighted the extent to which young people act and think digitally, with 90% describing the Internet as a significant or indispensable part of their lives. These findings give us a better understanding of the needs of our younger generation of clients and employees. The full survey results are available at:

[credit-suisse.com/youthbarometer](http://credit-suisse.com/youthbarometer)



### Broader Social Commitments

We consider it important to help promote social cohesion and stability and we therefore engage in a range of social initiatives in the regions in which we operate. In the context of our Youth Unemployment Initiative in Switzerland, for example, we invested up to a total of CHF 30 million to improve the employment prospects of young people (see page 37). Our collaboration with partner organizations around the globe is supplemented by the volunteer work of many Credit Suisse employees.

In 2014, 17,995 of our employees around the world volunteered 190,790 hours to help charitable causes (see page 41). Our cultural and sports sponsorship activities add another dimension to our social commitments (see box on page 34).

This chapter addresses the following issues (see pages 6–7):

- ▲ Financial System Stability; Company Performance and Stability
- ◆ Talent Management; Contribution to Economy
- Social Commitments

[credit-suisse.com/responsibility/society](http://credit-suisse.com/responsibility/society)

### Challenges and Responses 2014



#### Challenge: Which measures can be taken to secure the long-term competitiveness of the Swiss financial center?

**Response:** In 2014, we continued to engage in a dialogue with politicians, regulators and legislators about the development of a strategy to preserve and enhance the quality, stability and integrity of the Swiss financial center, thus increasing its competitiveness. Our participation in the Brunetti II group of experts appointed by the Swiss Federal Council to further develop Switzerland's financial market strategy, in which Credit Suisse was represented by the Chairman of our Board of Directors Urs Rohner, should be highlighted in particular in this context. In addition to the further development of the "Too Big to Fail" regime to bring it into line with international standards, we believe that action must be taken to secure access to EU and global markets in the short and medium term and to improve this access in the longer term. We believe it is also important for Switzerland to swiftly implement the global standard for the automatic exchange of information and we therefore made a constructive contribution toward the related measures in Switzerland in 2014. As a final point, it is important to ensure that the favorable conditions in Switzerland – such as legal certainty, the tax environment and the available infrastructure – are preserved. Credit Suisse published the second edition of its study "Switzerland as a Financial Center. Strengthening Competitiveness through the Combined Efforts of Politics and the Private Sector" in August 2014. The study centers on four success factors and 14 recommendations for action. With this study, Credit Suisse intends to make a constructive contribution to the discussion about Switzerland's future as a financial center.

# Our Social Commitments

**Credit Suisse and its employees have been committed to addressing social challenges for many years. Working with partner organizations, we support charitable and humanitarian projects around the world.**

Companies can only achieve long-term success if they operate in an economically stable and socially cohesive environment. Credit Suisse is committed to acting as a reliable partner beyond its core activities and to making a contribution to inclusive economic growth and social development across all its regions. We have therefore entered into a long-term strategic partnership with selected organizations. Through our global education and microfinance initiatives, for example, we support the realization of internationally recognized development goals in emerging and developing countries.

We also address current social challenges such as youth unemployment and access to education through various local programs. As an employer, we strive to assume our social responsibilities by encouraging our employees to lend their support to worthwhile causes, thus complementing the financial contributions made to partner organizations by the bank. We offer all employees the opportunity to dedicate up to four days on full pay to take part in charitable projects run by our local partners in the areas of education, environmental protection, health care and social issues. These engagements contribute to our employees' personal development and, at the same time, help to strengthen our corporate culture. In addition, suitably qualified employees are given the opportunity to work on international projects to increase the capacity of our global microfinance and education partners as part of Credit Suisse's Global Citizens Program (see page 41).

## Global Strategy, Regional Implementation

Our aim is to implement our strategy in the area of social commitment as effectively as possible in all our regions, ensuring that our resources are deployed efficiently and that the projects we support generate long-term benefits. To guarantee the success of these efforts, we cooperate with partners that understand the conditions in the individual regions and can execute projects that are specifically tailored to the respective local needs. Through our founda-

tions and committees in our four regions we work closely with more than 870 partner organizations worldwide.

The Credit Suisse Foundation allocates funds to our Global Education Initiative and Microfinance Capacity Building Initiative and manages our Disaster Relief Fund. In Switzerland, the Foundation makes charitable donations to educational and cultural projects through the Jubilee Fund and works closely with Corporate Citizenship Switzerland, which coordinates employee volunteering (see page 41). In the Americas and in our Europe, Middle East and Africa (EMEA) region, this role is performed by the Credit Suisse Americas Foundation, the Credit Suisse EMEA Foundation and the two regional Corporate Citizenship teams, respectively. Meanwhile, the Asia Pacific (APAC) Philanthropy Committee directs charitable projects across our APAC region and Corporate Citizenship APAC drives employee volunteering with regional partners.

## Focus on Microfinance and Education

We regard microfinance and education as an effective means of driving inclusive growth and of helping people to help themselves. Credit Suisse therefore launched its Global Education Initiative in 2008. Based on its success, we refreshed the main focus of the initiative in 2014 to better align it with our business and the Microfinance Capacity Building Initiative launched in 2008. This resulted in the creation of the new Signature Program "Financial Education for Girls" that is being implemented by Plan International and is supported by technical expertise from Aflatoun (see page 40). Through our microfinance initiative, we foster market development and innovation by strengthening microfinance institutions' management capabilities, processes and products to help people at the base of the income pyramid gain better access to financial services. We also adapted the strategic focus of this initiative in 2014 to be able to better address the increasingly diverse needs of low-income households, such as housing and education, through our programs (see page 39). Both our education and microfinance initiatives work closely with our Philanthropy Services and Responsible Investment team to achieve an even bigger impact (see pages 23–26).

## Disaster Relief

The Disaster Relief Fund responds to natural disasters by providing immediate financial support as well as the funds needed to assist affected regions in the longer term. In

2014, the APAC Philanthropy Committee approved the continuation of the Disaster Relief Fund's support for the local relief partner Chikyu No Gakkou in its rehabilitation efforts in the Tohoku region of Japan affected by the 2011 earthquake and tsunami. In addition, Credit Suisse volunteers provided support for the victims of Typhoon Haiyan in the Philippines (see page 38).

### Social Commitments in our Regions

Our main focus in Switzerland is on the transfer of knowledge. For example, our employees took part in mentoring programs for students at the University of St. Gallen in 2014 and helped graduates of the Zurich University of the Arts to plan start-up companies (see page 38). In 2009, Credit Suisse launched its Youth Unemployment Initiative and pledged a total of up to CHF 30 million for projects offering specific support to young people (see page 32). We consider it important for these programs to continue beyond the initiative's end in March 2015. Together with six partner organizations, we are working to transform the initiative into an independent national platform. Credit Suisse and the SVC Foundation for Entrepreneurship have jointly launched the new association "Check Your Chance" specifically for this purpose.

In the EMEA region, our efforts to help underprivileged children and young people are focused on education. Our goal is to ensure that their social background does not prevent them from receiving a good education and securing future employment (see page 38). We have extended our partnership with City Year UK and its education program for socially disadvantaged schools by five years in order to help expand its activities to five cities outside London, benefiting 70,000 children and young people across the UK. Meanwhile, employees donated GBP 1.2 million to Parkinson UK, the UK Charity of the Year 2014. This money will be invested in research into the development of dementia in patients with Parkinson's disease.

The support we provide in the Americas region centers on organizations in which our employees are personally engaged and on those that create educational opportunities for disadvantaged young people. In 2014, 52% of our employees engaged in volunteering. Since 2010, growing numbers of employees have assumed a role on the Boards of our partner organizations, and some 300 employees are currently applying their specialized knowledge of finance and governance in the non-profit sector. Through the Americas Education Program, we also lend our support to schools in socially disadvantaged areas.

The APAC region encompasses both countries affected by severe poverty and more advanced economies. In developing countries, our social commitments focus on the areas of education and microfinance, with a particular emphasis on education programs for socially disadvan-

tagged children or those living with a disability. In developed countries, our engagements are designed to close gaps in established education systems so that children with disabilities or learning difficulties receive better support. We also encourage our employees to share their expertise with our partner organizations by participating in volunteering programs. For example, our employees have provided support in the areas of IT, strategy and marketing to the Cambodian Children's Fund and the Cathy Freeman Foundation in Australia – which are both longstanding partners of Credit Suisse – while mentoring programs for schoolchildren and students were carried out in Hong Kong and Singapore.

This chapter addresses the following issue (see pages 6–7):

- Social Commitments

[credit-suisse.com/responsibility/society](http://credit-suisse.com/responsibility/society)

### Challenges and Responses 2014



#### Challenge: How can we ensure that our Corporate Citizenship initiatives are effectively contributing to economic and social development in developing countries and emerging markets?

Response: For many years, we have supported efforts to achieve internationally recognized development goals through our global initiatives in education and microfinance. In 2014, we adapted the focus of our two global initiatives. We launched a new Signature Program on Financial Education for Girls, aligning the Global Education Initiative with the bank's core business (see page 40), and we expanded the scope of the Microfinance Capacity Building Initiative to better meet the requirements of a constantly changing industry and the diverse needs of clients at the base of the pyramid (see page 39). With our skills-based volunteering programs, we focus on the transfer of skills and knowledge between our employees and partner organizations. These programs not only help to build the capacity of our partner organizations but also enable our employees to make targeted use of their expertise while providing them with a valuable learning and leadership experience (see page 41).

#### Challenge: How does Credit Suisse create impactful initiatives that are self-sustaining in the long term?

Response: In addition to our global initiatives, we address current social challenges through various local programs. For example, when youth unemployment in Switzerland reached a historic high in 2009, we launched our Youth Unemployment Initiative. After delivering successful results for four years through this initiative, we co-founded the association "Check Your Chance", transitioning the Youth Unemployment Initiative into an independent national platform that will be supported by the State Secretariat for Economic Affairs (SECO), ensuring the independent continuation of the programs (see page 32).

## Selected projects in 2014<sup>1</sup>



### Partnership with Gawad Kalinga in the Philippines

2014 was the second year of our successful partnership with the aid organization Gawad Kalinga. Credit Suisse offered financial aid to fund a learning center as well as an education program that will prepare 30 children each year for the transition to primary school. Credit Suisse volunteers from the region were actively involved in the construction of the learning center. Employees from our Manila office have regularly visited the center to support English learning activities. Donations totaling close to USD 350,000 made by Credit Suisse and its employees following Typhoon Haiyan were given to Gawad Kalinga to fund the construction of a village with 50 homes. Employees from Hong Kong, Singapore and Manila also assisted in the reconstruction effort in Leyte – a village in the Philippines severely damaged by the typhoon.



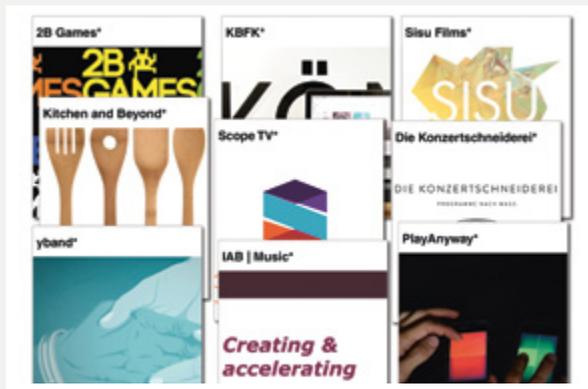
### New Prospects for Young People in the UK

Fight for Peace supports young people living in communities that suffer from crime and violence or who have dropped out of school. These individuals are offered holistic support based on targeted measures such as supervised physical training along with education and career guidance, underpinned by personal development. Fight for Peace was founded in Brazil in 2000 and launched in London in 2007. Its aim is to break the cycle of crime and violence. The Credit Suisse EMEA Foundation has supported Fight for Peace in the expansion of its activities that began in 2014. Our employees are also involved in the organization as volunteer mentors.



### Sponsors and Mentors for School Students in New York

The programs run by the organization Student Sponsor Partners address the high school dropout problem in New York. Students from low-income families who are at risk of dropping out of school are assigned a sponsor and a mentor – ensuring they receive a good education and personal advice. Since 1997, Credit Suisse employees and the bank have jointly donated over USD 5.5 million to the organization. They have also volunteered more than 14,000 hours of their time as mentors since 2004. At their annual Founder's Dinner in April 2014, Credit Suisse was recognized for the many years of support it has given to the organization. The event brought together employees from across the bank as well as clients and partners, who helped to raise a record USD 2.2 million for Student Sponsor Partners.



### "Incubator for Cultural Entrepreneurship" in Switzerland

Credit Suisse employees worked together with the Zurich University of the Arts to assist graduates in setting up a company through the "Incubator for Cultural Entrepreneurship" program. This program supports the development of ideas, products and services until they are ready for the market and helps graduates to establish their own businesses. The young entrepreneurs' vision forms the starting point for this collaboration, and they are offered advice and expertise. The "Incubator for Cultural Entrepreneurship" was a pilot project and is expected to be further expanded in view of its success and the positive feedback from participants.

<sup>1</sup> For a list of selected projects in the regions in 2014, see: [credit-suisse.com/responsibility/projects](http://credit-suisse.com/responsibility/projects)

# Microfinance

## Microfinance Capacity Building Initiative: Expanding Scope

Microfinance involves providing small or very small loans and other financial services to microenterprises and low-income households in developing countries and emerging economies. It is an effective means of helping people to help themselves and increases financial inclusion around the world. At the same time, microfinance generates both a social return and a financial return for investors (see page 25). Together with experienced partners, Credit Suisse has been developing innovative solutions to link the top of the income pyramid with its base for more than a decade. In addition to providing effective support for microfinance institutions and social enterprises, we have recognized the need for more diverse products and services to meet the different needs of clients at the base of the economic pyramid. The Microfinance Capacity Building Initiative has launched a portfolio of new projects for 2014 to 2017 in areas such as agriculture, housing and education in conjunction with our partners Accion, FINCA International, Opportunity International, Swiss Capacity Building Initiative with Habitat for Humanity, Swisscontact and Women's World Banking.

### 30 Years of FINCA

In October 2014, our partner FINCA celebrated its 30th anniversary with an event at the Houses of Parliament in London, which was hosted by Credit Suisse. FINCA today has a loan portfolio of USD 1 billion. Building on its many years of experience in the field of microfinance, FINCA intends to develop a number of new social enterprises in the areas of health care, education and agriculture in the future. With the launch of the Sustainable Agriculture Initiative as part of the Microfinance Capacity Building Initiative,



Credit Suisse is building on its effort to combine initiatives, expertise and resources from every part of the bank to create lasting value for clients, microfinance institutions and smallholder farmers.

### Financial Inclusion

The Accion Frontier Inclusion Fund (AFIF) is an impact investment fund that aims to catalyze new approaches to financial inclusion by investing in financial technology companies that develop innovative ways of bringing financial products and services to unbanked and underbanked people. These efforts are designed to enhance the efficiency, reach and scope of financial offerings in developing countries and to broaden traditional microfinance approaches. The fund invests primarily in scalable companies that aim to generate both competitive financial returns and a sustainable social impact. Building on its long-term partnership with Accion, the bank is also a partner of the AFIF.

More information on this topic is available at: [credit-suisse.com/responsibility/initiatives](http://credit-suisse.com/responsibility/initiatives)

## Microfinance – Selected Figures for 2014<sup>1</sup>



**Over 8,000**

local employees of microfinance institutions trained



**Over 2.4 million**

people with access to improved financial services



**74**

microfinance institutions benefited from our support



**36**

countries in which the Microfinance Capacity Building Initiative is active

<sup>1</sup> Figures reported this year reflect both the outreach for programs ending in 2014 and those launched in 2014.

# Education

## Global Education Initiative: A New Focus

We believe that education is one of the keys to economic growth. Credit Suisse's Global Education Initiative, which is complemented by existing educational activities in our four regions, supports a variety of programs run by our international partners to improve access to education and the quality of educational opportunities. To ensure a sustainable impact, these organizations work with communities and educational authorities at a local, regional and national level.

In 2014 we rolled out a new education program, based on the success of the bank's Global Education Initiative, that focuses on financial education for girls. The program has been launched in conjunction with the global organizations Plan International and Aflatoun. Aligned with both the Microfinance Capacity Building Initiative and the core business of Credit Suisse, the program builds on Plan's expertise in enabling girls to access quality education and on the expertise of Aflatoun, which specializes in the development of social and financial skills curricula and teaching methods. The program aims to improve the financial education and life skills of 100,000 adolescent girls in Brazil, China, India and Rwanda and to enable them to have improved access to and transition through secondary school.

We have also continued our cooperation with our partners Room to Read and Teach for All – supporting their education programs in various regions of the world. Since its launch in 2008, the Global Education Initiative has had a sustainable impact on the work of all our partners in education. One example is our partnership with Camfed in Ghana and Zambia, which enabled the organization to pilot and roll out innovations in its educational activities. Examples include science, maths and technology camps for girls, which are now a flagship program and have delivered



significant improvements in girls' academic performance and self-confidence. Another focus has been on Information Communication Technology (ICT) capacity building in schools. This has now been fully implemented and is being leveraged by government investment in ICT. As part of our Global Citizens Program (see page 41), our employees have developed a "Staying Safe Online" toolkit, thus making an important contribution towards improving the understanding of risks related to the increasing use of mobile phones and the Internet.

Read the interview with Jeroo Billimoria, founder of our partner organization Aflatoun, about how financial literacy can spark change: [credit-suisse.com/responsibility/interview](http://credit-suisse.com/responsibility/interview)

More information on this topic is available at: [credit-suisse.com/responsibility/initiatives](http://credit-suisse.com/responsibility/initiatives)

## Global Education Initiative – Selected Figures for 2008–2014



**103,510**

students have benefited from improved access to education and/or improved quality of education



**15,722**

teachers trained



**499**

schools that have benefited from our support



**38**

countries in which the Global Education Initiative is active

# Employee Engagement

We enter into partnerships with organizations to facilitate the volunteer work of our employees. In 2014, we continued to focus on volunteering programs that promote the transfer of skills and knowledge between our staff and our partners. This allows our employees to use their expertise for the benefit of our partner organizations, as well as providing them the opportunity to foster their own skills and professional development.

## Global Citizens Program: Five Years of Success

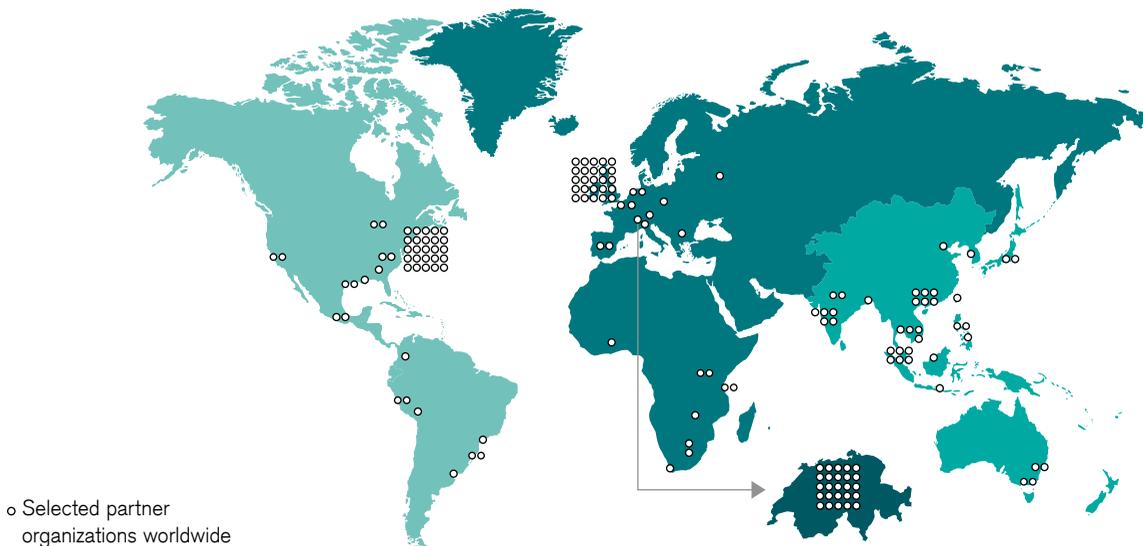
The Global Citizens Program offers suitably qualified employees the opportunity to share their expertise with our education and microfinance partners around the world, particularly in developing countries and emerging markets. This unique leadership and development program sends employees on assignments lasting between one week and three months. Over the last five years, 171 specialists from

various areas of our business have worked as volunteers with our partner organizations on the ground – helping to develop processes, strategies or projects in areas such as risk, IT, human resources and marketing. In this way, they have shared valuable insights with these organizations, which are often confronted with major challenges due, for example, to rapid expansion or the need to develop new offerings. In return, employees participating in the Global Citizens Program benefit from a unique and enriching development experience that provides an opportunity for them to strengthen their professional and personal competencies and their leadership skills.

Read an article and watch a video about the Global Citizens Program at: [credit-suisse.com/responsibility/globalcitizens](http://credit-suisse.com/responsibility/globalcitizens)

More information on this topic is available at: [credit-suisse.com/responsibility/initiatives](http://credit-suisse.com/responsibility/initiatives)

## Volunteering Worldwide



Global	Americas	EMEA	Switzerland	APAC
<b>17,995</b> volunteers	<b>5,153</b> volunteers	<b>4,644</b> volunteers	<b>4,410</b> volunteers	<b>3,788</b> volunteers
<b>190,790</b> hours dedicated to volunteering	<b>44,535</b> hours dedicated to volunteering	<b>49,883</b> hours dedicated to volunteering	<b>62,270</b> hours dedicated to volunteering	<b>34,102</b> hours dedicated to volunteering



# Responsibility as an Employer

**Credit Suisse's headquarters in London, Canary Wharf:**

To position our bank as an attractive and reliable employer, Credit Suisse aims to offer employees progressive working conditions – including modern workspaces, interesting training programs and diverse career opportunities in an international environment.

# Responsibility as an Employer

**Our long-term success depends on our ability to inspire trust and generate client satisfaction. To achieve this, we require qualified, responsible and motivated employees.**

The success of our company ultimately depends on the skills and experience of our employees. For our business to continue to perform well, we must offer our clients best-in-class products and services. We can only realize this goal by continuously strengthening our position as an employer of choice in order to attract and retain the most talented professionals. At the same time, demographic changes are intensifying the global competition for highly qualified employees. At Credit Suisse, we offer interesting lines of work, progressive employment conditions and wide-ranging training and development opportunities. As a result, our employees benefit from attractive long-term career prospects in an international working environment, and we are able to retain their knowledge and experience within the bank and to grow our human capital from within. Our Human Capital strategy reflects our main business objectives and is based on three pillars: building a partnership culture, improving the ability of client-facing employees to serve and support clients in a changing environment and promoting the development of talent within the bank through our "Grow Your Own" initiative.

## **A Culture of Performance and Development**

Our employees' performance objectives are aligned with the bank's strategy, which places clients at the center of all that we do. We measure our employees' performance based on the scale of their contribution to the achievement of our business goals. A consistent performance management system enables line managers to assess the performance and development potential of employees on an annual basis. In addition, a total of 74% of our employees have drawn up a longer-term personal development plan. Various training courses instruct line managers on how to give team members the best possible support in achieving their professional objectives. In 2014, we also assessed and documented the potential of 86% of our employees in order to systematically identify and track their potential to assume future functions.

We offer our employees market-driven and competitive rates of pay based on performance-related compensation structures. In doing so, we not only take account of employee interests but also consider our obligations towards our shareholders and regulators. Our compensation plans are developed in close consultation with shareholders and in accordance with regulatory requirements (see page 17). Another way in which we recognize outstanding performance is by presenting our annual CEO Leadership Awards in different categories: Overall Leadership, Client Leadership, Leadership in Compliance & Control, Leadership in Innovation, Leadership in Diversity & Inclusion and Leadership in Corporate Citizenship.

## **Strengthening Our Corporate Culture**

A partnership culture is of fundamental importance to our success. Our Global Leadership Council, which consists of 207 senior leaders from across the bank, specifically addresses this topic. Its activities focus on fostering dialogue between the CEO, the Executive Board, the Board of Directors and the Council members. In 2014, the members of the Global Leadership Council discussed cross-regional and cross-divisional challenges and opportunities in 33 meetings, helping to ensure the optimal execution of our business strategy.

In order to build our leadership pipeline, we also provide ongoing development opportunities for senior executives. Credit Suisse's own Talent Agency has identified 45 Managing Directors across different regions and divisions who receive targeted support to prepare them to assume potentially expanded management roles in the future.

In 2014, we laid the foundations for the long-term transformation of our culture with the launch of a global initiative consisting of a set of Business Conduct Behaviors that are in line with our Code of Conduct and that our employees are expected to observe in their day-to-day activities. We are integrating these Behaviors into our global human resources and business practices, as well as our performance management system.

## **Client Skills and Compliance**

Our employee training and development programs enable us to enhance the quality of our service and advisory offering and to continuously adapt our business to changing market and client needs. All of our relationship managers

## Employee Facts and Figures

as of December 31, 2014

### Employment contracts

**45,800** employees with permanent contracts (full-time equivalents)

**4,140** employees with fixed-term contracts (full-time equivalents)

**35%** proportion of female employees (full-time equivalents)

**37%** proportion of female employees (number of employees)

**17%** proportion of women in senior management positions (Managing Directors and Directors)

### Proportion of women:

#### Board of Directors/Executive Board

**2 of 13** members of the Board of Directors

**1 of 10** members of the Executive Board

### Part-time work

**24%** of all female employees

**8%** of all male employees

### Employee turnover

2014: voluntary turnover 9.9% / involuntary turnover 4.8%  
2013: voluntary turnover 9.1% / involuntary turnover 6.1%

### Internal mobility

**Over 4,600** employees assumed a new role within the bank in 2014

**42%** of all vacancies within Credit Suisse globally were filled through internal appointments

**53%** of senior management positions were filled internally

**250** positions were filled through the "Internals First" initiative

in Private Banking & Wealth Management complete our Frontline Training certification program to ensure that we provide clients with clear and comprehensive information about products, explain potential investment risks and returns, and tailor our advice to their individual needs. Since the program's launch four years ago, around 5,000 relationship managers have obtained certification. The 10 employees who achieved the best results in the Swiss and international programs were officially recognized during a certification ceremony in October 2014. To enable employees to share their knowledge and experience with one another, we also organize a variety of events and training where they can share best practices and improve their advisory competences.

Credit Suisse offers all employees a wide range of internal training programs that take the form of traditional classroom instruction, e-learning and video-based courses (see page 46). Our mandatory study modules cover topics such as the prevention of money laundering, trade sanctions, records management and IT risks and ensure that our employees remain informed about continuously evolving external requirements. Depending on their content, these mandatory modules may include tests that have to be completed by specific groups of employees or by Credit Suisse's entire workforce. In 2014, we achieved a 99.9% completion rate for mandatory training. In addition, all relationship managers complete courses on cross-border business activities that inform them about the regulatory requirements and country-specific practices in individual markets. In 2014, we developed over 150 new study modules about subjects such as phishing, operational risks and data protection. Each employee completes at least three mandatory modules a year, depending on their area of responsibility.

### Internal Mobility

We encourage our employees to explore opportunities within the bank and to gain experience by working abroad or in different business areas as part of their professional and personal development. By rolling out the initiative "Internals First" in Switzerland and in the Asia Pacific region, we are building on our positive experiences with this initiative, which was launched in the US and UK in 2013. When positions become available within the bank, "Internals First" ensures that suitably qualified employees are notified about these vacancies. The initiative forms part of our "Grow Your Own" strategy, which is designed to cultivate and mobilize talent across Credit Suisse and to create an environment that offers long-term opportunities for development.

### Investing in Campus Recruiting

Our "Grow Your Own" strategy is aimed at recruiting promising young professionals and offering them attractive career opportunities to encourage them to stay with the

company in the long term. We give employees advice on career planning and support them by providing a wide range of career opportunities within the bank.

Our long-term target is that at least 50% of all external hires will be entry-level candidates. In 2014, 47% of external hires were candidates who were starting their careers, meaning they were either directly out of school or university (19%) or had less than two years of professional experience (28%). Credit Suisse works closely with leading schools and universities around the world in the area of campus recruiting. For example, we support the Master's Program in Banking and Finance at the University of St. Gallen together with other banks. We also hold numerous events for various target groups in order to engage and attract new graduates to our company.

We provide a diverse range of options for young people seeking to gain their first professional experience in full-time positions or internships in all our regions. Furthermore, Credit Suisse runs various programs to help young people from diverse backgrounds to embark on a career in finance. We have been running programs of this nature in the US and Australia for many years. In the UK, our award-winning "Steps to Success" program gives five top-performing students an insight into the world of finance by providing four-to-six-week internships and helping to fund their tuition fees (see page 46).

### Promoting Young Talent in Switzerland

In Switzerland, we run a number of programs to help young people enter a career in finance. For example, we trained 250 new university graduates through our Career Start Program in our Swiss home market, and we offered 150 internships for students. Moreover, we trained a total of 100 high school graduates in our Junior Banking Program in 2014. These programs last between 12 and 24 months. Credit Suisse is committed to providing high-quality apprenticeships and, in particular, to ensuring that apprentices are offered a position within the bank once they have successfully completed their training. In total, 1,200 young talents are enrolled on training programs; around 700 of them are enrolled in commercial or IT apprenticeships. We have a high level of success in training these individuals; our apprentices in 2014 had a 96% success rate, and subsequently 74% of them went on to work for Credit Suisse. During the year, 220 young people began an apprenticeship at Credit Suisse.

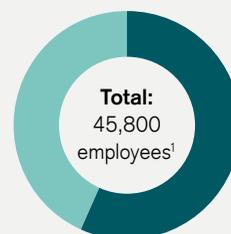
### Diversity and Inclusion

The diversity of our workforce and the different skills, mindsets, knowledge and experience of our employees give us a better understanding of client needs, cultural aspects and regional markets, as well as opening up a broader range of business opportunities. Credit Suisse today employs people from 163 different nations. We are

## Number of Employees:

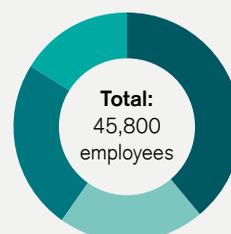
Full-time equivalents as of December 31, 2014

### By Division



- Private Banking & Wealth Management<sup>2</sup>: 26,100
- Investment Banking<sup>3</sup>: 19,400

### By Region



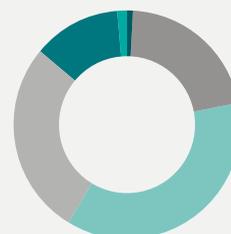
- Switzerland: 17,100
- EMEA: 9,900
- Americas: 10,900
- Asia Pacific: 7,900

<sup>1</sup> Including 300 positions in the Corporate Center and excluding fixed-term contracts.

<sup>2</sup> Full-time equivalents, including Shared Services employees who work for Private Banking & Wealth Management.

<sup>3</sup> Full-time equivalents, including Shared Services employees who work for Investment Banking.

## Employee split by age



- 1.1% < 20 years (apprentices)
- 21.2% from 20 to 29 years
- 36.1% from 30 to 39 years
- 27.5% from 40 to 49 years
- 12.8% from 50 to 59 years
- 1.3% > 59 years

## Talent Development in 2014

**73,500** participants in instructor-led courses

**67,700** classroom-delivered training days

**570** classroom leadership training sessions

**19** hours of training per employee (average)

**83%** level of satisfaction among course participants (average)

**680,000** participants in e-learning courses, including mandatory modules

## Diversity and Inclusion: Awards

- Ranked fourth overall in the Diversity Index published by the Institute for Financial Services Zug (IFZ), ranked first among providers of financial services in Switzerland
- Recognized as one of the top 50 employers for women in the UK (The Times) for the fourth consecutive year
- “Steps to Success” graduate program recognized as winner of TARGETJobs Advancement of Social Mobility in Graduate Recruitment Award
- Shortlisted for the Women in Banking & Finance Team Diversity Award (UK)
- Achieved the maximum score in the Corporate Equality Index published annually by the Human Rights Campaign that assesses the performance of 500 companies in recognizing the LGBT rights of employees, consumers and investors

## Credit Suisse Gender 3000 Study

In September 2014, the Credit Suisse Research Institute published a study confirming that there is a strong link between gender diversity at Board level and in the top management of companies and corporate performance. The study shows that looking at over 3,000 companies globally, those organizations with a larger proportion of women in their top management outperformed those with a low proportion over both a two-year and a five-year period.

committed to providing equal opportunities for all employees – irrespective of factors such as ethnicity or nationality, gender, sexual orientation, religion, age, marital or family status, or disability.

Our internal experts work closely with our businesses across all regions to ensure that our diversity and inclusion framework – based on the four pillars mentoring, external partnerships, employee networks and regional councils – is firmly embedded in our corporate culture. They advise managers on the planning and implementation of internal structures and measures that are needed in order to offer an inclusive working environment that is free from discrimination and to take the specific needs of clients into account in our product and service offering. In all four of our regions, councils headed by our regional CEOs are responsible for ensuring that we systematically improve our diversity profile and that we implement appropriate measures. In 2014, Credit Suisse participated for the second time in the Swiss Diversity Index survey and once again received various awards in recognition of our efforts in the area of diversity and inclusion.

## Advancement of Women and Mentoring

We want to ensure appropriate female representation in management positions. We take specific steps to train, support and appoint female professionals, in particular when filling vacancies within the bank. Along with other Swiss-based companies, Credit Suisse in Switzerland is a founding member of Advance, an organization that aims to improve the share of women in leading positions to 20% by 2020. All the regional diversity councils work towards continuously improving the proportion of women in management positions (Managing Directors and Director titles).

In the course of 2014, we also launched our “Real Returns” initiative in the Americas and Europe, Middle East and Africa (EMEA) regions. The program is designed to reengage well-qualified women who are looking to restart their careers after an extended absence. The participants work on projects that allow them to draw on their expertise, interests and abilities, to refresh their knowledge and to benefit from the advice of a mentor. A total of 29 women participated in this three-month program in 2014, and we hired 11 of them and extended contracts to 8 other participants. The second iteration of “Real Returns” will launch in 2015 and will be expanded to include Switzerland.

Additional examples of mentoring programs carried out in 2014:

- Switzerland: A total of 100 women began a one-year cross-divisional mentoring program. In addition, 55 female employees from all levels of the company

took part in workshops on topics relating to the advancement of women.

- EMEA: Continuation of a program in which senior managers were appointed to act as mentors to 200 female employees across the bank.
- Our Reverse Mentoring program brings employees from the Next Generation network aged between 20 and 30 together with members of the 50+ network in order to promote cross-generational dialogue within our company.
- Americas: a one-year Multicultural Mentoring Advisory Group was run for 13 Black Directors (male and female).

### Networks to Promote Knowledge Sharing

We currently support multiple internal employee networks worldwide that serve as a platform for the exchange of knowledge and experience, fostering mutual understanding and helping to strengthen our corporate culture. The networks within the bank, which are run by employees on a voluntary basis, are dedicated to addressing the interests of women, families, LGBT individuals, people with disabilities, US veterans, the older and younger generations, and employees from various ethnic backgrounds. In 2014, these networks organized more than 600 events worldwide. We also held a 50+ theme week in Zurich that focused on the potential of older employees and the opportunities available to them in order to take account of the impacts of demographic change both now and in the future.

We are committed to cooperating with external organizations in the field of diversity and inclusion. Organizations and events supported in 2014 are listed here:

[credit-suisse.com/responsibility/partnerships](http://credit-suisse.com/responsibility/partnerships)

### Attractive Working Environment and Flexibility

We consider it important to offer our employees modern and flexible working models. Our office environment, which has been designed according to the Smart Working concept, allows employees to choose their workspace based on their needs at a specific point in time. Around 9,000 employees now work in Smart Working environments in different regions.

At Credit Suisse, we assign the utmost importance to employee health and safety and have internal policies in place to ensure our employment conditions meet the highest standards. Specialized teams based in each of the bank's four regions ensure that continuous safety improvements are made in accordance with local legal requirements. In 2011, Credit Suisse became the first Swiss financial services provider to be assigned the OHSAS 18001 certification (Occupational Health and Safety Assessment Series).

To ensure that our employees' needs and interests are properly taken into account and to promote dialogue

### Employee Opinions Are Important to Us

We conduct an employee engagement survey in conjunction with an independent consulting firm every two years to assess employee satisfaction and gain a better understanding of the views of our employees on work-related topics. The results provide a picture of our strengths and of opportunities for us to improve, as well as enabling us to gauge our progress since the last survey. In the course of 2014, our regions and divisions analyzed the results of the 2013 survey and identified the main topics to be addressed at a global, divisional and regional level. For example, one division established a committee to promote development opportunities, career advancement and internal mobility and to improve cross-divisional communication in response to the survey findings. The committee was also assigned the role of developing a feedback process that gives employees the option of discussing any concerns with parties other than their direct line manager. The next employee engagement survey will be carried out in the spring of 2015.

between employees and managers, Credit Suisse has worked closely with organizations such as the European Works Council and the Credit Suisse Staff Council in Switzerland for many years. In consultation with various specialist units, we have developed offerings that help our employees to combine their professional and personal commitments as effectively as possible. They include:

- Flexible working arrangements, such as part-time positions, job sharing, compressed working weeks and home working
- Maternity, paternity and adoption leave
- Advice on personal, health and financial problems
- Since 2012, we have also offered support for employees in Switzerland who wish to care for sick or disabled relatives; this includes the provision of information and events, referrals to specialist support centers and advice on flexible working arrangements
- In the UK, employees are able to make use of a free emergency childcare service as well as an Employee Assistance Program to support employees with their personal and professional well-being
- Nursing rooms for mothers
- Multifaith prayer rooms
- A varied offering to promote employee health and well-being in the workplace, encompassing the areas of exercise, healthy eating and stress management
- Benefits such as pension provision and study grants

## Impact of Cost Reduction Measures

As previously announced, we plan to reduce costs by more than CHF 4.5 billion by the end of 2015 compared to the cost run rate for the first half of 2011. The changing regulatory and market environment and the resulting increase in costs make it even more important to further adjust our operating efficiency. By the end of 2014, we delivered around CHF 3.5 billion in run-rate cost savings, and we expect to achieve our 2015 target. These savings will be complemented by expected incremental cost reductions of CHF 200 million by end-2017, which we announced in February 2015 as part of our measures to offset the impact of the changed currency and interest rate environment in Switzerland following the announcement by the Swiss National Bank on January 15, 2015, that it was discontinuing the minimum exchange rate of CHF 1.20 per euro and lowering short-term interest rates. The around CHF 3.5 billion of savings that we already achieved were generated through a reduction in infrastructure costs as well as a number of efficiency measures in Private Banking & Wealth Management and Investment Banking. These measures also included a reduction of our global workforce, which took place across all business areas and regions. Throughout this process, we have worked closely with bodies that represent employee interests, such as the European Works Council and the Credit Suisse Staff Council, to address the needs of the affected individuals. We assist them in the search for a new position and strive to minimize the impact of the reduction in employee numbers through internal transfers and natural turnover. The Credit Suisse Staff Council has confirmed that we are assuming our social responsibility and are offering a good package of measures to assist affected employees. During 2014, we deployed further services to our captive Centers of Excellence (CoEs) around the globe and to outsourcing vendors. We expect the strategic importance of our captive CoEs to increase further and anticipate that our captive CoEs in Poland and India will continue to expand.

This chapter addresses the following issues (see pages 6–7):

- ▲ Quality of Services and Advice
- ◆ Talent Management; Culture of Compliance and Conduct; Incentives and Compensation Policy

[credit-suisse.com/responsibility/employer](http://credit-suisse.com/responsibility/employer)

## Challenges and Responses 2014



### **Challenge: Make responsible use of resources and ensure that our work is performed by employees in the most appropriate locations. What impact does this have on the structure of the company?**

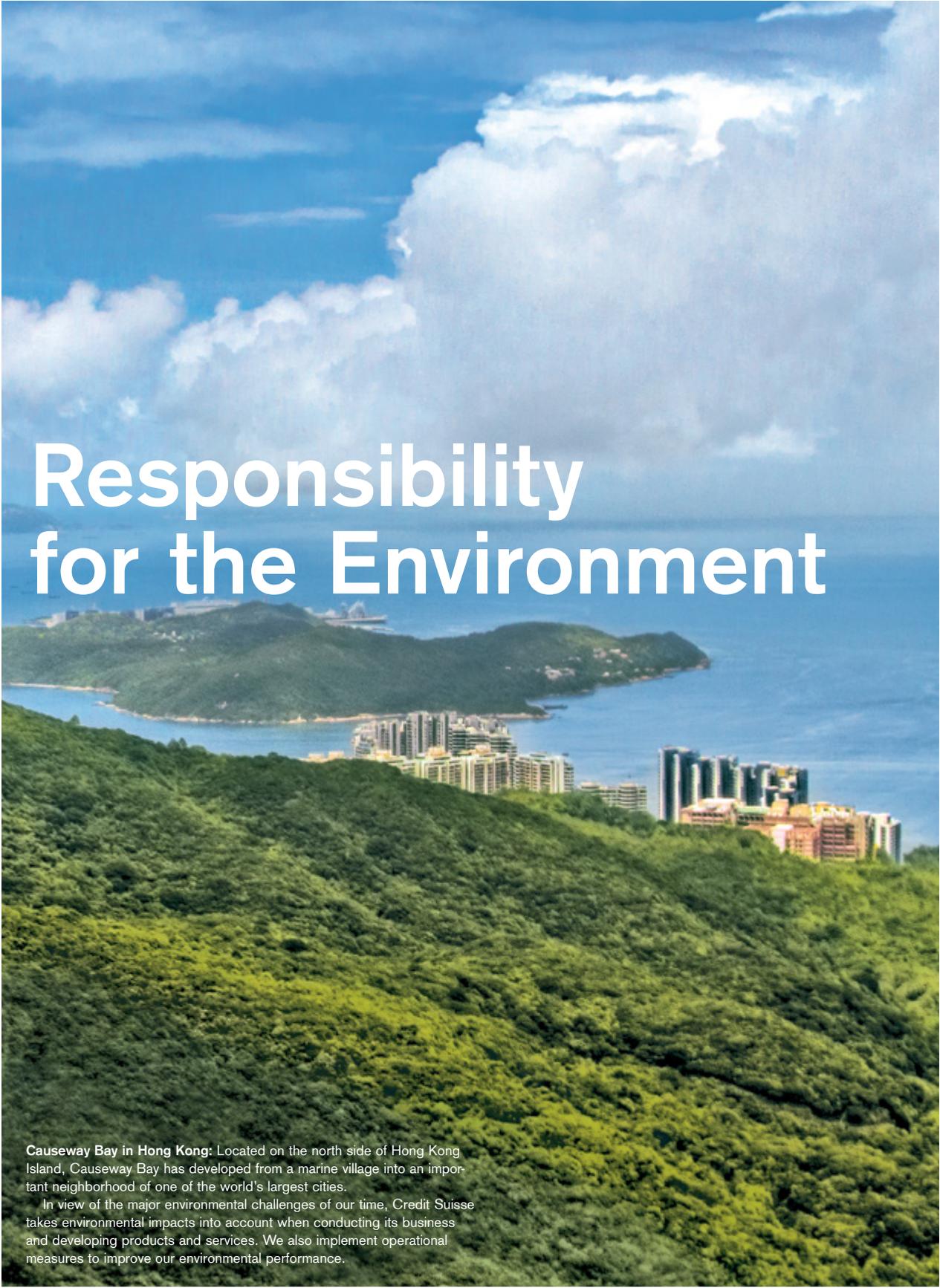
Response: In view of the ongoing transformation of the financial services industry, low interest rates and rising costs, we transferred additional services from regional headquarters to our captive Centers of Excellence (CoEs) around the world in 2014. This meant that we reduced the number of positions in regional headquarters while at the same time moving functions and services to our captive CoEs, which now account for 17% of our workforce. We are actively strengthening the role of our CoEs by assigning them functions with greater responsibility and by providing targeted training to further enhance the expertise and management skills of our employees. These measures provide increased career development opportunities and help us to attract and retain the best talent for our CoEs (see box).

### **Challenge: Despite growing in size, the world's population is also aging. How does Credit Suisse address this demographic change in its role as a global employer?**

Response: We are implementing targeted steps to strengthen our own workforce through our "Grow Your Own" strategy and our range of recruitment programs. Young professionals are today seeking varied career opportunities. As part of our commitment to internal mobility, we strive to provide them with new experiences throughout their careers, including assignments in international locations or in different business areas (see page 44). We believe the availability of wide-ranging development opportunities within the company not only enhances our ability to attract and retain a larger pool of talent but also provides employees with a greater range of experiences to improve their skills. In the mid term, Credit Suisse will also need to develop effective strategies to retain and attract older and more experienced employees.

### **Challenge: Why did the number of apprenticeships offered by Credit Suisse in Switzerland decrease in 2014?**

Response: The number of apprenticeships was adapted in response to structural changes in the banking sector and the adjustment of our business model. Our main focus is on providing high-quality training. We noted that in 2014, the number of applications submitted for apprenticeships directly after the summer vacation was lower than in previous years. Young people today have access to a range of opportunities for further training immediately after completing their apprenticeship and this makes it more difficult to retain them within the company. Our primary objective is to provide high-quality apprenticeships and to ensure that we can offer interested apprentices a position within the bank: we remain committed to providing further employment for a large number of apprentices once they have successfully completed their training.



# Responsibility for the Environment

**Causeway Bay in Hong Kong:** Located on the north side of Hong Kong Island, Causeway Bay has developed from a marine village into an important neighborhood of one of the world's largest cities.

In view of the major environmental challenges of our time, Credit Suisse takes environmental impacts into account when conducting its business and developing products and services. We also implement operational measures to improve our environmental performance.

# Environment

**We take environmental impacts into account when conducting our business by developing sustainable products and services and addressing sustainability issues when managing risks. The implementation of various operational measures enables us to improve our environmental performance.**

Credit Suisse is convinced that it is in the interests of both our organization and our clients to develop and support measures that facilitate the transition to a sustainable economy in order to avert environmental, social and economic harm. Our commitment to more sustainable business practices is based on our Code of Conduct, which lists “Sustainability” as one of our six professional standards (see page 5). Our Statement on Sustainability, which is based on the Code of Conduct and explains our aims relating to the balancing of economic, environmental and social issues when performing our activities as a bank, is another important pillar of our commitment to sustainability.

## Risk Review Process and Product Offering

Credit Suisse takes environmental aspects into account when managing transaction-related risks. We use our internal risk review process to assess whether projects or client activities may pose a risk to the environment, the climate, biodiversity or human rights (see page 20), and we have developed and implemented specific policies and guidelines for sensitive industries (see pages 19–20). As a bank, we can also make a contribution to environmental protection by offering our clients a broad range of sustainable products and services, thus opening up sources of capital for the development of future markets (see pages 23–28).

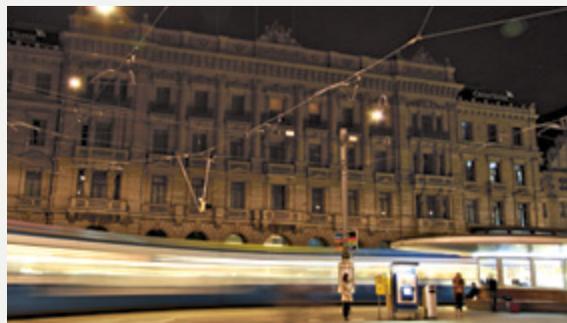
## Climate Change

The Intergovernmental Panel on Climate Change (IPCC) approved the Synthesis Report of its Fifth Assessment Report at a meeting in Copenhagen in November 2014. The Assessment Report provides an overview of new scientific findings on climate change. It states that unless decisive action is taken, global warming will, by the end

of the 21st century, lead to a significantly higher risk of severe and irreversible harm to the environment.

Credit Suisse has been active in the area of climate protection for more than 15 years. The Credit Suisse Cares for Climate initiative helps us to make an active contribution to climate protection. We reached an important milestone in 2006 when we became the first major company in Switzerland to achieve greenhouse gas

## Raising Employee Awareness of Environmental Issues



The need to make responsible use of natural resources is set out in our Code of Conduct. We actively inform employees about environmental issues and give them the opportunity to make a personal contribution to environmental protection.

- **Earth Hour:** Credit Suisse participated in WWF’s Earth Hour again in 2014 by switching off the lights in 55 of our office buildings globally. During this symbolic annual climate initiative, thousands of cities, towns and buildings worldwide turn off their lights for one hour.
- **bike to work:** In 2014, 63 teams of Credit Suisse employees registered to take part in this campaign – which took place in June across Switzerland – and cycled over 30,000 km.
- **Sustainability Network:** Credit Suisse launched the Sustainability Network in 2012. By 2014, over 2,300 employees in all regions had signed up for this internal platform, which enables them to take part in a range of sustainability events. In 2014, topics such as sustainable waste management, organic food, water and sustainability in the workplace were discussed at these events.
- **Training:** Credit Suisse, together with various service providers, conducted 4,546 hours of training on environmental management to 1,084 employees in 2014.

neutrality. Since 2010, we have been greenhouse gas neutral worldwide.

We also participate in the international dialogue about the environment in order to gain insights that can help us to develop strategies for sustainable, climate-friendly business practices. For example, Credit Suisse is an active member of the International Chamber of Commerce (ICC) Environment and Energy Commission, which was involved in the process leading up to the Lima Climate Change Conference of December 2014 (COP20) and the development of the post-2015 Sustainable Development Goals. For four years, we have been hosting the Lifefair Forum event series in Zurich at which climate issues are regularly discussed, among other topics. In

2014, these included practical approaches to energy efficiency as well as Switzerland's climate policy in the context of the global debate. We also held discussions with various non-governmental organizations (NGOs) about a variety of environmental matters, such as sustainable fishing, agriculture and palm oil production.

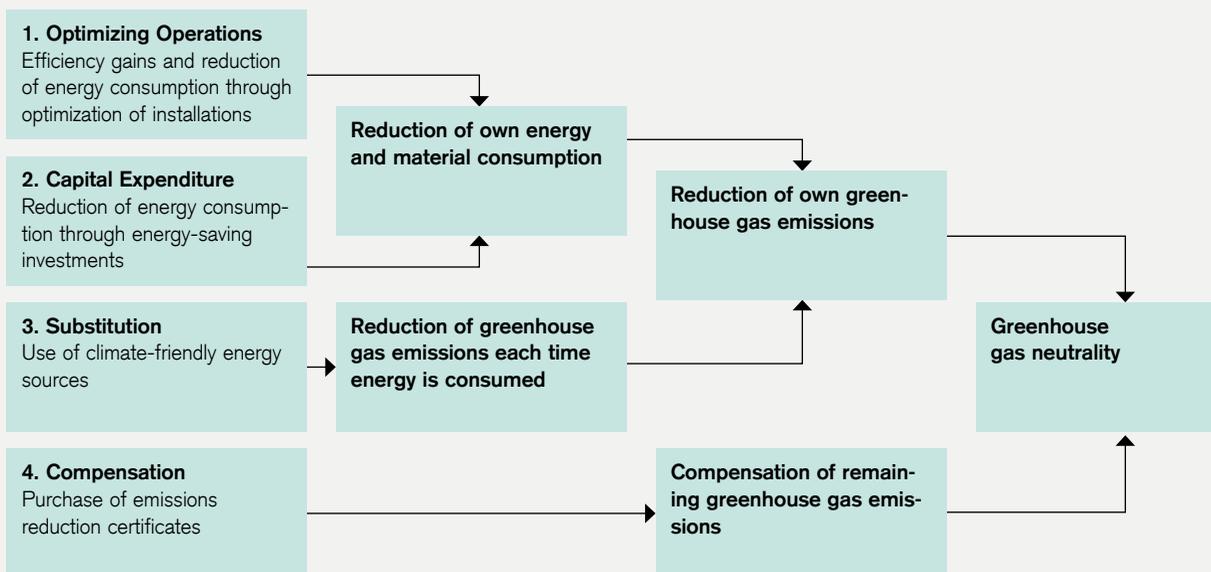
Credit Suisse also promotes sustainable building methods. With a Swiss portfolio of more than 1.1 million square meters of energy-consuming floor space, as defined by the Swiss Minergie standard, the bank is one of Switzerland's largest investors in environmentally friendly residential and commercial buildings. Our own "greenproperty" label has been applied to approximately 900,000 square meters of floor space as of end-2014 (including pending certifica-

### Global Greenhouse Gas Neutrality – Our Four-Pillar Strategy

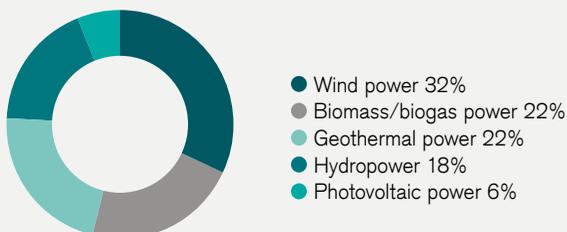
Credit Suisse first achieved global greenhouse gas neutrality in 2010. To this end, we pursue a four-pillar strategy based on operational efficiency improvements, capital expenditure, substitution and compensation.

In 2014, we took action on a number of fronts to continue implementing this strategy. As a result, our net global greenhouse gas emissions decreased by around 9% to 245,000 metric tons of CO<sub>2</sub> equivalents

during the year. By purchasing emissions reduction certificates (ERCs) in addition to these measures, we achieved greenhouse gas neutrality.



### Portfolio of purchased emissions reduction certificates (ERCs) 2014



tions). At locations used for operational purposes by Credit Suisse, energy-consuming floor space – as defined by the Swiss Minergie standard – totals approximately 120,000 square meters.

Following a study entitled “Decarbonizing Swiss Real Estate” that we published in 2012 in conjunction with WWF, Credit Suisse Real Estate Asset Management (REAM) is currently working on a five-year program to systematically reduce CO<sub>2</sub> emissions. It is designed to record and enhance the energy efficiency of the global real estate portfolio – which comprises more than 1,000 buildings – and to lower CO<sub>2</sub> output by at least 10 % or 13,000 metric tons by 2015 relative to 2010 levels (see page 26).

### Biodiversity and Natural Capital

Our commitment to sustainable development includes our efforts to protect biodiversity. We therefore aim to contrib-

ute to discussions about ways of measuring natural capital and to include these considerations in our business operations.

In 2014, we strengthened our activities in the area of conservation finance in particular. We believe that the capital invested in an ecosystem not only allows for the long-term protection of the underlying natural value but can also generate a financial return for investors. In early 2014, Credit Suisse published a study co-authored with WWF and McKinsey that looked at innovative private sector financing structures in the field of conservation. In addition, we organized an expert workshop on this topic in San Francisco and addressed this subject in a panel discussion during the World Economic Forum (WEF) in Davos. Building on the conservation finance research study, Credit Suisse launched the Nature Conservation Notes in December 2014. This product, which is the first of its kind, con-

## Measures Related to Our Four-Pillar Strategy

### 1. Optimizing Operations

Energy consumption represents by far the largest direct climate-related impact that Credit Suisse has on the environment. The optimization of operations to increase energy efficiency is therefore a key component of our environmental strategy to achieve a sustained reduction in greenhouse gas emissions.



### 2. Capital Expenditure

We also reduce our greenhouse gas emissions by investing in energy-saving technologies. When constructing new premises or renovating existing buildings, we focus on installing energy-saving heating, air-conditioning and ventilation systems, and we use highly efficient insulation in our building materials. We also invest in energy-saving technologies for our IT infrastructure, as well as switching to renewable energy sources when upgrading heating systems, installing high-efficiency lighting with LED technology and using energy-optimized cooling systems in computer centers.

### 3. Substitution

When concluding new electricity supply contracts, we verify that climate-friendly energy sources such as wind power, hydropower and solar energy are included in the mix and, where possible, we replace fossil fuels with renewable forms of energy. As a result, all the electricity used at our locations in Switzerland in 2014 was derived from renewable sources. In many of our other locations in the EMEA, Americas and Asia Pacific regions, electricity from renewable sources accounts for part of the energy mix provided by local utilities. In 2014, Credit Suisse consumed a total of 271 million kilowatt-hours of electricity generated from renewable sources. This corresponds to 56% of our global electricity consumption.

### 4. Compensation

Through the optimization of operations, investments in energy-saving systems and the replacement of fossil fuels with renewable energies, we are able to significantly



reduce the level of greenhouse gas emissions resulting from our business activities. However, it is not possible to eliminate them entirely. We therefore offset our remaining emissions by purchasing emissions reduction certificates (ERCs). Last year, we once again offset all of our net greenhouse gas emissions from operational activities, including global business travel (245,000 metric tons of CO<sub>2</sub> equivalents), in this way. Our ERC portfolio included projects involving wind power, hydropower, geothermal power, photovoltaic power and biomass/biogas power. 40% of the ERCs met the Gold Standard, and the remainder came from climate protection projects verified by independent third parties. The total cost was CHF 455,000, or CHF 10 per employee.

For examples of environmental management in our four regions see page 53 and: [credit-suisse.com/environmentalmanagement](http://credit-suisse.com/environmentalmanagement)

Detailed information about Credit Suisse's four-pillar strategy can be found online at: [credit-suisse.com/4pillarstrategy](http://credit-suisse.com/4pillarstrategy)

## Environmental Management in the Regions: Examples of Measures Taken in 2014

### Switzerland

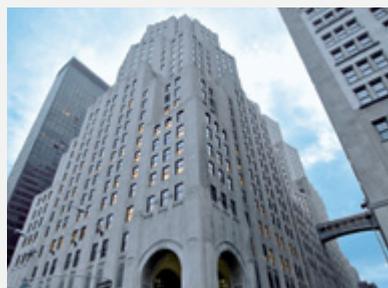
Improvements in operational efficiency and the use of efficient information technology at our Swiss data centers led to a reduction in costs in 2014. At the Uetlihof data center in Zurich, we further reduced the amount of energy used and continued to optimize our cooling systems. We also achieved savings at our data center in Horgen. These measures contributed to a further reduction of 3% in power consumption across our Swiss premises.



CHF 1.5 million in electricity utility costs. All these achievements were driven by operational changes, without the need for any capital investment by Credit Suisse.

### Americas

The newly renovated floors at Eleven Madison Avenue feature a state-of-the-art lighting system, with LED fixtures, modern control systems and daylight harvesting. This has reduced energy expenses related to lighting by approximately 7%.



location, we have achieved savings of approximately CHF 15 million through subletting. These efforts mean that space is being put to maximum use, while optimizing the working environment and interaction space for all employees.

### Global Measures

In 2014, we further optimized our global IT infrastructure through increased server virtualization and we switched off the equivalent of 4,458 physical servers. As a result, our virtualization rate increased to 60% in 2014 (71% in Switzerland). This led to a reduction of around 49 gigawatt-hours globally over a four-year period.

A comprehensive list of environmental management measures in all our regions is available online at:

[credit-suisse.com/  
environmentalmanagement](http://credit-suisse.com/environmentalmanagement)

### Europe, Middle East and Africa

Throughout the EMEA region, we have achieved in excess of 9,500 megawatt-hours (approximately 8%) of savings in electricity consumption through energy initiatives, the continuous commissioning of existing mechanical infrastructure and the selected isolation of redundant infrastructure. This amounts to savings of

### Asia Pacific

As part of our Real Estate Strategy and the consolidation of space, we were able to achieve cost savings in two locations in Singapore. In our ONE@Changi City building, total savings of an estimated CHF 4 million were achieved as a result of the early surrender of three floors. Meanwhile, at our One Raffles Quay

sists of investments in sustainable agroforestry and ecosystem conservation, as well as in a portfolio of sustainable bonds (see box on page 25).

In 2014, Credit Suisse was involved in the Social Capital Markets (SOCAP) conference, where we participated in a panel discussion on the evolution of conservation finance. At the International Union for Conservation of Nature (IUCN) World Parks Congress, Credit Suisse co-sponsored the Conservation Finance Pavilion and hosted a number of events at or around the conference. Furthermore, Credit Suisse is taking part in the Cross-Sector Biodiversity Initiative (CSBI), a partnership established to develop and share best practices related to biodiversity and ecosystem services across the extractive and financial services sectors. Credit Suisse supported the CSBI in developing the initiative's approach to stakeholder engagement. Credit Suisse was also a supporting partner of the Forests Asia Summit 2014 in Jakarta, where we gave a keynote speech on the topic "Investing in sustainable landscapes".

In order to consider biodiversity-related issues when conducting our business activities, we have also incorporated this topic into our industry-specific policies and guidelines. This ensures that we can assess the potential environmental risks posed by transactions across various sectors, including the palm oil industry. Our active role in the Roundtable on Sustainable Palm Oil (RSPO) reflects this commitment. We also contributed to enhancing transparency in the palm oil industry in 2014 as a member of the Technical Advisory Group of the Zoological Society of London's Sustainable Palm Oil Transparency Toolkit (SPOTT) project.

### Environmental Management

Credit Suisse is committed to making more efficient use of natural resources and to reducing greenhouse gas emissions. We focus on energy management because energy consumption is the area in which our operations have by far the greatest impact on the environment. Credit Suisse's environmental management system defines responsibilities

## Key Performance Indicators for Environmental Management<sup>1</sup>

	2014		2013 <sup>2</sup>		2012 <sup>2</sup>	
	Absolute	per FTE <sup>3</sup>	Absolute	per FTE <sup>3</sup>	Absolute	per FTE <sup>3</sup>
<b>Energy (MWh)</b>	576,000	12.4	633,000	13.5	696,000	14.3
<b>Business travel (km)</b>	531,389,000	11,500	528,312,000	11,300	561,843,000	11,600
<b>Paper (t)</b>	4,400	0.10	5,200	0.11	5,600	0.11
<b>Water (m<sup>3</sup>)</b>	1,021,000	22	1,136,900	24	1,326,400	27
<b>Waste (t)</b>	12,100	0.26	11,600	0.25	13,500	0.28
<b>Greenhouse gas emissions<sup>4</sup> (CO<sub>2</sub> equivalents in metric tons)</b>	244,900	5.3	268,700	5.7	325,100	6.7

<sup>1</sup> According to VfU standard (rounded figures).

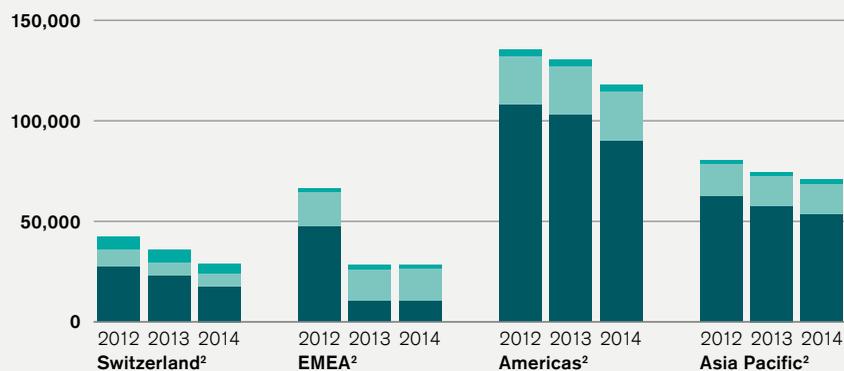
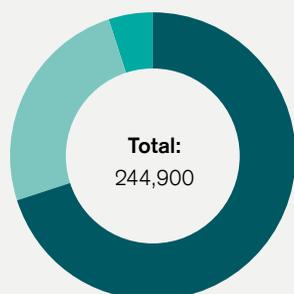
<sup>2</sup> Minor adjustments made to 2012 and 2013 basic data sets.

<sup>3</sup> Employees (full-time equivalents).

<sup>4</sup> Net greenhouse gas emissions.

## Credit Suisse's Greenhouse Gas Emissions in 2014

**Regional Breakdown of Greenhouse Gas Emissions<sup>1</sup>**  
(in metric tons of CO<sub>2</sub> equivalents)



- Energy use of buildings 70%
- Business travel 25%
- Paper, waste, water 5%

<sup>1</sup> Greenhouse gas emissions for 2012, 2013 and 2014 are based on net emissions, taking into account the composition of energy purchased from various sources. For the EMEA region, surplus hydropower certificates from the Switzerland region were taken into account in the electricity model. Global gross greenhouse gas emissions in accordance with the DEFRA guidelines for the UK were 344,000 metric tons in 2012; 285,000 metric tons in 2013; and 289,000 metric tons in 2014. When recording data for 2014, minor adjustments to the data for 2012 and 2013 were also included in the analysis.

<sup>2</sup> Full-time equivalents as of December 31, 2014: 17,100 (Switzerland); 9,900 (EMEA); 10,900 (Americas); 7,900 (Asia Pacific)

and processes and, combined with appropriate operational measures, helps us to conserve resources, reduce environmental impacts and lower costs. In 1997, Credit Suisse was the first bank in the world to achieve ISO 14001 certification, and we have continued to refine and develop our environmental management system ever since. Where appropriate, we also involve external service providers and suppliers in these efforts (see box on page 19). In 2014, we once again passed the annual audit of our environmental management system, which was carried out by the external certification company SGS.

### Reducing our Environmental Footprint

In addition to measures to improve the energy efficiency of our buildings (see box on page 53), we took steps in other areas in 2014 to reduce our environmental footprint. Business travel poses a challenge for us as a global bank. While it is often essential to maintain direct contact with clients, business travel accounts for around 25% of our global greenhouse gas emissions. To reduce the number of business flights taken, we require employees to travel by train when covering shorter distances, and we encourage the use of telephone and video conferencing. As a result, the global use of specially equipped video conferencing rooms rose by 26% to 173,362 hours in 2014. In addition, the use of desktop video conferencing rose to 122,277 hours. In line with our strategy to achieve global greenhouse gas neutrality, we also purchase greenhouse gas neutral tickets for air travel that offset all the emissions from our international business travel through emissions reduction certificates (ERCs). In 2014, we offset around 56,000 metric tons of greenhouse gas emissions by purchasing this type of ticket.

Commuting at a regional level also has an impact on the environment. New working models that enable our employees to work from home from time to time help reduce traffic-related emissions. Although the paperless office still remains a vision for the future, we are committed to further improving our environmental performance in this area. Our efforts include using paper produced from forests that are managed sustainably in line with the Forest Stewardship Council (FSC) criteria; this already accounts for 84% of internal paper consumption in Switzerland.

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This chapter addresses the following issues (see pages 6–7):

- ▲ Sustainable Investments
- Environmental and Social Risk Management

[credit-suisse.com/responsibility/environment](http://credit-suisse.com/responsibility/environment)

## Challenges and Responses 2014



### Challenge: How does Credit Suisse adapt its business and products and services in anticipation of potential developments in international climate negotiations?

Response: Credit Suisse takes account of climate-related risks in transactions through the Reputational Risk Review Process (see page 20), conducts research on climate topics and offers a range of products and services that incorporate environmental aspects (see pages 23–28). As a signatory to the Principles for Responsible Investment, we are also committed to further incorporating environmental, social and governance (ESG) criteria into our investment processes and decisions. We engage in a dialogue on the topic of climate change and business through our membership of committees and working groups of the International Chamber of Commerce and *economiesuisse*, for example, and through our role as a presenting partner of the Lifestair Forum (see page 51).

### Challenge: How can Credit Suisse, as a financial services provider, underscore the importance of preserving the world's biodiversity and natural capital?

Response: In 2014, we strengthened our activities in the area of conservation finance through which capital is invested in an ecosystem in order to generate one or several cash flows. We believe that by conducting research and developing products in this field, we are contributing to the long-term protection of natural capital while also generating a financial return for investors. Our industry-specific policies and guidelines (see pages 19–20) also take account of biodiversity-related issues. Furthermore, we have contributed to the development of the Natural Capital Protocol framework to enable companies to better measure, value and manage their direct and indirect interactions with natural capital.

# Reporting on Corporate Responsibility

Credit Suisse aims to create long-term value for clients, shareholders and employees, as well as other stakeholders. These efforts are based on our commitment to pursuing a responsible approach to business. Through our reporting on corporate responsibility, we inform our stakeholders openly and transparently about the ways in which we address economic, environmental and social challenges in our daily business activities and about the principles that guide us in our work. These principles are set out in our Code of Conduct (see page 5) and in the Group-wide Statement on Sustainability. They apply to all our activities and to our relationship with our stakeholders. Further information can be found online at:

[credit-suisse.com/sustainabilitycommitments](http://credit-suisse.com/sustainabilitycommitments)

## Scope of the Report

This report forms an integral part of our annual reporting suite (see inside front cover for details on all three components) and focuses on the financial year 2014. It explains how our commitments in the area of corporate responsibility are put into practice as a key component of our operations and it provides an overview of our principal activities and milestones in 2014. It also documents the measures we have put in place and the progress we have made in implementing the 10 principles of the UN Global Compact (see page 58). Unless otherwise stated, the information in this report relates to Credit Suisse globally (all regions and divisions).

The contents of the report, along with additional information, are also published on the Internet together with the Responsibility Chronicle. This Chronicle adds a multimedia dimension to our reporting on the topic of corporate responsibility, with more in-depth reports, videos and picture galleries that offer additional insights into our global projects and initiatives. Comprehensive information about our efforts relating to corporate responsibility can be found online at:

[credit-suisse.com/responsibility](http://credit-suisse.com/responsibility)

## Global Reporting Initiative

Our reporting on corporate responsibility reflects the requirements set out in the Global Reporting Initiative (GRI) – a voluntary standard for reporting on sustainability. The GRI guidelines help to increase transparency, uniformity and comparability in this area. Credit Suisse's 2014 reporting on corporate responsibility was, for the first time, produced in accordance with the "Core" option of the GRI G4 Guidelines. As in previous years, selected indicators of our GRI-based disclosure on corporate responsibility will be externally assessed and independently assured by SGS. Further details regarding our GRI indicators and the external review are available at:

[credit-suisse.com/responsibility/gri](http://credit-suisse.com/responsibility/gri)

## Sustainability Networks and Initiatives



### Association for Sustainable and Responsible Investment in Asia (ASrIA)

As a member of ASrIA, we are committed to promoting sustainable investment in Asia and to playing our part in the exchange of information on this topic.



### Equator Principles

When financing major industrial and infrastructure projects, we observe the Equator Principles based on the environmental and social standards of the International Finance Corporation (IFC). We were one of the first companies to sign up to this voluntary industry standard in 2003 and have been involved in its Steering Committee since 2010.



### Öbu – Network for Sustainable Business

Öbu, which comprises around 400 Swiss companies, promotes the sharing of knowledge among its members and campaigns for the development of a political framework that enables businesses to work sustainably and profitably.



### Principles for Responsible Investment (PRI)

By adopting this voluntary, investor-led industry standard, over 1,300 financial services providers pledge to take account of environmental, social and governance (ESG) criteria when making investment decisions.



### Roundtable on Sustainable Palm Oil (RSPO)

The RSPO promotes the cultivation and use of sustainable palm oil products by applying global standards and involving stakeholder groups. As a member of the RSPO in the “Banks and Investors” category, we pledge to support the organization’s objectives.



### UN Environment Programme Finance Initiative (UNEP FI)

Over 200 financial services providers participate in this initiative with the aim of promoting a sustainable approach to business within the financial sector. Credit Suisse was one of the first signatories to the UNEP Statement by Financial Institutions in 1992.



### UN Global Compact

Over 8,000 businesses from 145 countries have pledged to uphold the 10 principles relating to human rights, labor standards, environmental protection and anti-corruption efforts defined in the UN Global Compact. In 2000, Credit Suisse became one of the first companies to sign up to this leading international agreement on responsible business practices. We report annually on the progress made (see page 58).

## Materiality Assessment

Our ability to inspire trust in our stakeholders is a key factor determining Credit Suisse's long-term success. To gain and maintain their trust, we must first have a detailed understanding of their concerns and expectations. We therefore seek to engage in a dialogue with stakeholders through discussions and at events, as well as by actively participating in initiatives, forums and associations. In line with the GRI Guidelines, we once again performed a materiality assessment in 2014 to further strengthen our understanding of our stakeholders' views and interests. This enabled us to capture their different perspectives in a consolidated manner and to identify the issues that are most important for our stakeholders and our business activities (see pages 6–7). This report addresses all of the issues that were identified as material in this assessment.

## Feedback and Suggestions

We regard our reporting on corporate responsibility as an important basis for our dialogue with stakeholders and welcome any feedback about our activities. Send your comments via e-mail or engage with us on social media: [responsibility.corporate@credit-suisse.com](mailto:responsibility.corporate@credit-suisse.com)  
[credit-suisse.com/socialmedia](http://credit-suisse.com/socialmedia)

## Implementation of the 10 Principles of the UN Global Compact



The 10 Principles of the UN Global Compact	Implementation at Credit Suisse	See pages
<b>Human Rights</b>		
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> <li>• Involvement in the formulation of sector-specific recommendations for the application of the UN Guiding Principles on Business and Human Rights (Thun Group of Banks)</li> <li>• Publication of our Statement on Human Rights</li> </ul>	18–22 18–22
Principle 2 make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>• Application of the Reputational Risk Review Process</li> <li>• Implementation of sector-specific policies</li> </ul>	18–22 18–22
<b>Labor</b>		
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> <li>• Credit Suisse Staff Council in Switzerland (internal employee representation)</li> <li>• European Works Council</li> </ul>	42–48 8
Principle 4 the elimination of all forms of forced and compulsory labor;	<ul style="list-style-type: none"> <li>• Supply Management: Credit Suisse Supplier Code of Conduct</li> <li>• Signing of the Walk Free pledge combating all forms of modern slavery</li> </ul>	19 19
Principle 5 the effective abolition of child labor; and	<ul style="list-style-type: none"> <li>• Implementation of sector-specific policies</li> <li>• Supply Management: Credit Suisse Supplier Code of Conduct</li> </ul>	19 19
Principle 6 the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> <li>• Diversity and Inclusion</li> <li>• Accessibility</li> </ul>	45–46 27
<b>Environment</b>		
Principle 7 Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> <li>• Application of the Reputational Risk Review Process</li> <li>• Implementation of sector-specific policies</li> </ul>	18–22 18–22
Principle 8 undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> <li>• Global greenhouse gas neutrality since 2010</li> <li>• ISO 14001-certified environmental management system</li> <li>• Credit Suisse Cares for Climate initiative</li> </ul>	49–55 53–55 50–51
Principle 9 encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>• Use of clean energy technologies in our operations</li> <li>• Offering of sustainable products and services</li> </ul>	49–55 23–28
<b>Anti-Corruption</b>		
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>• Active member of the Wolfsberg Group</li> <li>• Further development of internal standards and training for employees</li> </ul>	13–14 13–14

## Sustainability Ratings and Indices

Investors are increasingly taking sustainability criteria into account alongside key financial indicators when making investment decisions. The analyses and ratings produced by specialized sustainability rating agencies and index providers – which assess companies according to environmental, social and governance (ESG) criteria – serve as a guide in this context. Credit Suisse has been included in

leading sustainability indices, such as the FTSE4Good Index and the Dow Jones Sustainability World Index (DJSI World), for a number of years. 2014 marked the 15th anniversary of the DJSI World, and Credit Suisse is one of only 16 companies that have been a constituent of the index since it was launched in 1999. The Credit Suisse Group share is therefore also included in various sustainability funds.

### Sustainability Indices 2014

Indices	Brief Description	Credit Suisse
Dow Jones Sustainability World Index (DJSI World)	Global best-in-class approach: the top 10% of the 2,500 largest companies in the S&P Global Broad Market Index <sup>SM</sup> that lead the field in terms of sustainability.	Credit Suisse has been a constituent of the Dow Jones Sustainability World Index since it was launched in 1999.
Dow Jones Sustainability Europe Index (DJSI Europe)	European best-in-class approach: the top 20% of the 600 largest European companies in the S&P Global Broad Market Index <sup>SM</sup> that lead the field in terms of sustainability.	Credit Suisse has been a constituent of the European Index of the Dow Jones Sustainability Indices since it was launched in 2001.
FTSE4Good Index	Companies that meet globally recognized corporate responsibility standards.	Credit Suisse has been a constituent of the FTSE-4Good Index Series since it was launched in 2001.

### Sustainability Ratings Assigned to Credit Suisse in 2014

Ratings	Credit Suisse
Bloomberg Green Banks Ranking <sup>1</sup>	<b>9th place</b> (out of top 20 banks)
CDP <sup>2</sup>	<b>92 points</b> (disclosure score; rating scale 1 to 100; industry average: 75) <b>B performance</b> (implementation score; rating scale A to C)
MSCI ESG Research Intangible Value Assessment <sup>3</sup>	<b>BBB</b> (rating scale: AAA to CCC)
RobecoSAM	<b>73%</b> (industry average: 45%) economic dimension: 67%; environmental dimension: 84%; social dimension: 72%
Sustainalytics	<b>66 points</b> (rating scale: 1 to 100) (85th percentile; rated 20 out of 126)

<sup>1</sup> The ranking assesses the efforts made by financial institutions to invest in environmentally friendly energy sources and reduce their own CO<sub>2</sub> emissions.

<sup>2</sup> CDP represents institutional investors with invested assets of around USD 95 trillion; its aim is to offer transparent guidance to investors on climate-related opportunities and risks for companies.

<sup>3</sup> In the case of financial services providers, the focus is on the stability of the financial system, employee development, and the assessment of environmental risks when providing financing.

# Achievements 2014 and Objectives 2015

## Banking

Objectives 2014	Achievements 2014
<ul style="list-style-type: none"> <li>Further improve the capital efficiency of our businesses and continue to reduce risk-weighted assets.</li> </ul>	<ul style="list-style-type: none"> <li>In light of the ongoing discussions about Total Loss-Absorbing Capacity (TLAC) and the leverage ratio, we further adapted our capital structure in 2014.</li> </ul>
<ul style="list-style-type: none"> <li>When implementing our legal entity program, the focus in 2014 will be on completing the designs and on ensuring we can realize our future implementation plans.</li> <li>Our designs are intended to maximize flexibility in terms of the booking of the business to enable us to meet future regulatory changes as efficiently and effectively as possible.</li> </ul>	<ul style="list-style-type: none"> <li>The program includes establishing a subsidiary for our Swiss-booked business and the planned consolidation of our UK businesses in one principal UK operating subsidiary. We are also looking to realign our non-European business to the appropriate entities in the Americas and in Asia Pacific. We made progress in implementing the program in 2014 and a number of other important components of the plan are expected to be implemented throughout 2015 and 2016.</li> </ul>
<ul style="list-style-type: none"> <li>In 2014, we will work to finalize the bail-in debt strategy and establish the corresponding funding structure.</li> </ul>	<ul style="list-style-type: none"> <li>Credit Suisse is working closely with the relevant regulators to finalize and implement this strategy. We were also actively involved in the development of a global TLAC standard and the further development of the Swiss "Too Big to Fail" regime. We plan to begin issuing TLAC-eligible bail-in debt from entities linked to the Group holding company to enable a single point of entry bail-in resolution strategy.</li> </ul>
<ul style="list-style-type: none"> <li>The regulatory environment is undergoing fast and fundamental changes. Credit Suisse aims to actively contribute to shaping new regulations. At the same time, we plan to strengthen our existing robust framework. This will enable the bank to effectively monitor and control compliance with new regulations like FATCA and MiFID II as well as the implementation of the Dodd-Frank Act.</li> </ul>	<ul style="list-style-type: none"> <li>We assign the utmost importance to ensuring that regulations are fully and promptly implemented and complied with. As part of our forward-looking approach, we continuously analyze regulatory developments at a national, regional and international level and assess their impact on our banking business. We play a constructive role in policy formation. For example, we took part in various consultations at a national level (e.g. the Swiss Federal Financial Services Act [FIDLEG], the UK's Fair and Effective Markets Review), at regional level (e.g. EU's MiFID II/MiFIR Level 2) and at international level (FSB TLAC). In addition, Credit Suisse was represented in the Swiss Brunetti II group of experts by the Chairman of its Board of Directors and participated in its work at the level of individual working groups.</li> </ul>
<ul style="list-style-type: none"> <li>We will continue to invest in measures and processes designed to prevent compliance breaches, thus reducing the number of disciplinary incidents and ensuring good conduct.</li> </ul>	<ul style="list-style-type: none"> <li>We continued to strengthen our compliance and control culture in 2014 with a particular focus on the critical role of employees in helping to preserve financial integrity. Measures included the introduction of a set of Business Conduct Behaviors to guide employees in their daily activities and to help reduce the potential for operational or conduct losses resulting from breaches of ethical standards or the failure to identify, escalate and resolve problems at an early stage. In addition, we continued to enhance our monitoring, surveillance and supervisory framework.</li> </ul>

## Objectives 2014

- Help to build up the Swiss Finance Council to foster dialogue around policy developments in finance at a European and international level.
- Implement and apply the updated Equator Principles risk management framework (EP3) in our sustainability risk assessment processes.
- Implement the recommendations of the Thun Group of Banks discussion paper on how to address human rights issues in the bank's core business activities based on the gap analysis conducted.
- Evaluate emerging environmental and social risks in the energy sector and update guidelines where appropriate.
- Further develop offering of solutions in impact investment by expanding into additional themes beyond microfinance, work with not-for-profit partners, generate new opportunities and attract more private capital to the industry.

## Achievements 2014

- The Swiss Finance Council's office in Brussels is now operational and the Council has commenced its work.
- The EP3 framework was used for all applicable transactions. Training on the identification of applicable transactions and on EP3 implementation is carried out with front office employees on an ongoing basis.
- We have published our Statement on Human Rights and further implemented our commitment to the Walk Free Pledge through awareness raising and training sessions. In an NGO study on the implementation of the UN Guiding Principles for Business and Human Rights among 32 banks, we were ranked second.
- In 2014, we analyzed environmental and social risks in power sector transactions, specifically focusing on three power generation technologies: coal, hydroelectric and nuclear. Our study considered practices in use within the financial industry, including development finance institutions, with a view to refining our internal power sector guidelines.
- We have launched a white paper and developed a new product in the field of higher education. In the field of conservation finance, we launched the Nature Conservation Notes in December 2014. We have continued to conduct research and to pursue the development of products in areas such as sustainable agriculture and fair trade and the support of small and medium-sized enterprises.

## Objectives 2015

- Pursue systematic efforts to implement "Too Big to Fail" regulations that apply to Credit Suisse through 2015.
- Continue to actively shape current and new regulatory projects in 2015 at a national and international level.
- Continue to raise awareness about human rights and broader sustainability risk issues relating to potential business transactions.
- Make updates and refinements to Credit Suisse's guidance on how to manage environmental and social risks in power sector finance.
- Develop further solutions and new products in the area of sustainable investment, such as social entrepreneurship and higher education. Expand into new impact investment themes.
- Launch of a European real estate sustainability fund.

## Economy and Society

### Objectives 2014

- Support further measures to strengthen Switzerland's position as a financial center and a center of research and industry.
- Continue to engage in a dialogue with political representatives and regulators, and actively participate in industry associations and working groups to develop solutions to strengthen the stability of the financial system, including cross-border resolution.
- Involvement in a group of experts appointed by the Swiss Federal Council to help formulate efficient solutions for the further development of the Swiss financial market strategy.
- Development of additional skills-based volunteering opportunities to have a positive impact on society by creating win-win scenarios for our partners, our employees and the bank.
- The new Global Education Initiative Signature Program will focus on financial education for girls in order to align the initiative more closely with the bank's core competencies.
- Pursue innovative partnerships, e.g. with the Asian Development Bank's Inclusive Business Initiative, to support, through grants and employee expertise, the capacity building of businesses that operate on a commercially sustainable basis while achieving social impact at scale.
- Launch of the new grant cycle of the Microfinance Capacity Building Initiative in 2014, building on the success of the previous two cycles.

### Achievements 2014

- Credit Suisse is involved in various associations, umbrella organizations and other bodies and has made a constructive contribution to discussions on a range of topics. In addition, the bank published the second edition of its study "Switzerland as a Financial Center. Strengthening Competitiveness through the Combined Efforts of Politics and the Private Sector" in summer 2014. Credit Suisse also actively supported efforts to establish Switzerland as a renminbi hub.
- In 2014, Credit Suisse engaged in an active exchange of ideas with politicians and regulators, as well as other institutions, and proposed solutions. For example, we were involved in the consultation held by the Financial Stability Board on the topic of Total Loss-Absorbing Capacity (which ended in February 2015).
- Economic risks, market access, taxes and regulatory processes were the main topics addressed by the Brunetti II group of experts. Credit Suisse contributed its views on all of these areas, working closely with other institutions represented in the group of experts.
- We further expanded our range of skills-based volunteering opportunities across all regions. Over the last five years, more than 170 employees have supported our partner organizations as part of the Global Citizens Program, helping to develop processes, strategies or projects with their specific expertise. In the Americas, we improved our offering for employees who apply their expertise by serving on the boards of partner organizations. In addition, in our Center of Excellence in Poland we enhanced our capacity to coordinate employee volunteering.
- In 2014, the "Financial Education for Girls" initiative was successfully rolled out in Brazil, China, India and Rwanda. The focus of this first year was on curriculum development or adaptation as well as on the start of teacher training by our partner organizations Plan International and Aflatoun.
- We further expanded our partnership with the Asian Development Bank. In connection with the Global Citizens Program, Credit Suisse employees supported the Asian Development Bank in various projects, helping its Inclusive Business Initiative to reach scale and enhancing its impact in the Asia Pacific region.
- We realigned the Microfinance Capacity Building Initiative in 2014. To take account of the changing financial needs of low-income households, we collaborated with our six microfinance partners Accion, FINCA International, Opportunity International, Swiss Capacity Building Initiative with Habitat for Humanity, Swisscontact and Women's World Banking to launch a number of additional projects in areas such as education, agriculture and housing.

## Objectives 2015

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- Active participation in the further development of Swiss financial market regulation – particularly the measures to implement the recommendations of the Brunetti II group of experts for the further development of financial market strategy.
  - Ensure successful implementation of the new cycles of the Global Education Initiative, primarily providing financial education for girls, and the Microfinance Capacity Building Initiative, offering targeted financial services that more specifically address the needs of microfinance clients, helping our partners to expand their impact.
  - Contribute to the strengthening of Credit Suisse's corporate culture and make a broader social contribution by offering employees volunteering opportunities where they can use their expertise to help build capacity at our partner organizations. This allows our employees to develop their own personal and professional skills while raising their awareness for social and economic challenges in other sectors of society.
-

## Employer

### Objectives 2014

- Targeted promotion of hiring junior talent in 2014: 50% of all external hires at entry level, 50% experienced professionals.
- Continue to use compensation programs that focus on aligning the long-term interests of employees with the interests of shareholders and the bank, e.g. by deferring a significant proportion of discretionary variable incentive compensation and by using instruments that are subject to clawback provisions based on performance criteria.
- Target the 300 managers in the bank with the largest spans of control in relation to the number of employees they supervise directly and indirectly, drawing on analysis from the 2013 employee engagement survey and cascade improvement measures through the ranks. Engage more than 3,300 managers to address specific concerns at divisional and functional level as well as team leaders to ensure they have perspective on the motivation and morale of their team, and can develop activities in response to the reports.

### Achievements 2014

- Strategic priorities and regulatory compliance required the intensified external hiring of critical expertise in 2014. Credit Suisse was nevertheless able to hire 47% of all new joiners at junior level, i.e. talents that recently graduated. We filled 70% of all junior vacancies with entry-level hires, thus offering over 2,600 young talents attractive opportunities to start their professional career.
- In 2014, we continued to deliver internationally competitive compensation and instruments. While share awards were still the predominant form of deferred compensation, we also introduced Contingent Capital Awards, thus addressing shareholders' concerns regarding the dilution impact of share awards while also offering employees attractive diversification. At the 2014 Annual General Meeting, we obtained the support of over 80% of our shareholders in the non-binding vote for the 2013 Compensation Report. We continue to assess the compensation market developments and also carefully monitor external feedback as we prepare for binding votes on compensation for members of the Board of Directors and Executive Board for the first time at the 2015 Annual General Meeting, as required by the Swiss Ordinance Against Excessive Compensation.
- In the course of 2014, more than 300 high-leverage managers who lead 70% of the organization were identified. This group has identified challenges and measures to lead the organization more effectively – in particular with regard to the transformation of the banking industry and various change projects within our bank. After identifying key topics such as "Attrition" and "Grow Your Own", we held global forums in which these high-leverage managers were invited to discuss the key topics with subject matter experts. More than 3,500 managers and leaders at all levels have been invited to leadership initiatives on a variety of topics – all targeted to increase the level of engagement of their staff.

### Objectives 2015

- Continue to use compensation programs that focus on aligning the long-term interests of employees with the interests of shareholders and our obligations to regulators, e.g. by deferring a significant proportion of discretionary variable incentive compensation and by using instruments that are subject to malus or clawback provisions based on performance and conduct criteria.
- Roll out the refreshed competency model which forms part of our performance management system so that it reflects our set of Business Conduct Behaviors; define the basis to assess competencies, development needs, appropriate awareness and management of all types of risk in the actions and personal conduct that each of our employees exhibits in daily interactions with clients and colleagues.

## Environment

### Objectives 2014

- Implement further improvement measures on an ongoing basis in accordance with our ISO 14001-certified environmental management system with a focus on the main drivers of greenhouse gas emissions.
- Continue to work towards the achievement of the Group efficiency target of 2% per annum in our Swiss premises for the period from 2013 to 2020 in conjunction with the Swiss Energy Agency for the Economy.
- Build on the findings of our conservation finance research study.
- Continue to raise employee awareness about environmental issues and to engage employees in measures to protect the environment (e.g. through employee training and supporting activities of the Sustainability Network).

### Achievements 2014

- The ISO 14001 control audits were successfully passed in 2014. We achieved a further reduction in our net global greenhouse gas emissions of around 9% to a total of 245,000 metric tons of CO<sub>2</sub> equivalents compared to 2013 thanks to continuous increases in energy efficiency as a result of operational improvements and capital expenditure, the use of electricity from renewable energy sources as well as other measures. In addition, we attained global greenhouse gas neutrality for the fifth consecutive year.
- We have defined binding annual energy-saving targets in the new contracts with both of our Swiss facility management partners as a basis for determining the goals for the coming year against the backdrop of the new ISO 14001 service model for environmental management.
- Following the publication of our conservation finance research report, we organized an expert workshop on this topic in San Francisco and addressed this subject in a panel discussion at the World Economic Forum (WEF). In December 2014, we launched the Nature Conservation Notes, a product for investments in sustainable agroforestry and ecosystem conservation, as well as in a portfolio of sustainable bonds.
- In 2014, the Sustainability Network expanded its activities – giving Credit Suisse employees in all regions the opportunity to participate in various sustainability events on a range of topics. In addition, 1,084 employees received 4,546 hours of training in 2014 on environmental issues.

### Objectives 2015

- Ensure successful ISO 14001 recertification on a global basis and adapt our environmental management system to the new processes and responsibilities by defining appropriate measures based on our new facility management contracts in all of our regions.
- Explore opportunities for conservation finance engagement, research activities and product development on an ongoing basis.

## Cautionary Statement Regarding Forward-Looking Information

This report contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved.

We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market volatility and interest rate fluctuations and developments affecting interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2015 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices and possible resulting changes to our business organization, practices and policies in countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices in countries in which we conduct our operations;
- competition or changes in our competitive position in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation, regulatory proceedings and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in "Risk factors" in I – Information on the company – Risk factors in our Annual Report 2014.

All expense reduction metrics against 6M11 annualized total expenses are measured at constant foreign exchange rates and exclude realignment and other significant expense items and variable compensation expenses.

As of January 1, 2013, Basel III was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown herein. Capital and ratio amounts for periods prior to 2013 herein are based on estimates, which are calculated as if the Basel III framework had been in place in Switzerland during such periods.

Unless otherwise noted, leverage ratio, leverage exposure and total capital amounts included herein are based on the current FINMA framework. The Swiss leverage ratio is calculated as Swiss total eligible capital, divided by a three-month average leverage exposure, which consists of balance sheet assets, off-balance sheet exposures, which consist of guarantees and commitments, and regulatory adjustments, which include cash collateral netting reversals and derivative add-ons.

BIS leverage amounts are calculated based on our interpretation of, and assumptions and estimates related to, the BIS requirements as implemented by FINMA that are effective for the first quarter of 2015, and the application of those requirements on our fourth quarter of 2014 results. Changes in these requirements or any of our interpretations, assumptions or estimates would result in different numbers from those shown here. BIS leverage exposure target assumes foreign exchange rates of USD/CHF and EUR/CHF as of January 30, 2015.

Return on equity for strategic results is calculated by dividing annualized strategic net income by average strategic shareholders' equity (derived by deducting 10% of non-strategic risk-weighted assets from reported shareholders' equity). Return on regulatory capital is calculated using income after tax and capital allocated based on the average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

## Inquiries

### Credit Suisse AG

Public Policy and Sustainability Affairs  
Tel. +41 44 333 50 50  
sustainability.affairs@credit-suisse.com

### Credit Suisse AG

Corporate Communications  
Tel. +41 844 33 88 44  
media.relations@credit-suisse.com

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Credit Suisse Group  
Paradeplatz 8  
8070 Zurich  
Switzerland  
Tel. +41 44 212 16 16  
[www.credit-suisse.com](http://www.credit-suisse.com)